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Congressional Information Service
Washington, D.C.

S. HRG. 101-180

NOMINATION OF RICHARD J. KERR

HEARING

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

OF THE

UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

NOMINATION OF RICHARD J. KERR, TO BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

TUESDAY, FEBRUARY 28, 1989

Printed for the use of the Select Committee on Intelligence

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NOMINATION OF RICHARD J. KERR TO BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

TUESDAY, FEBRUARY 28, 1989

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Select Committee met, pursuant to notice, at 10:10 o'clock a.m., in room SH-216, Hart Senate Office Building, the Hon. David L. Boren (chairman of the committee) presiding.

Present: Senators Boren, Bradley, Glenn, Cohen, Hatch, Specter, Warner, D'Amato and Danforth.

Also present: George Tenet, Staff Director; James Dykstra, Minority Staff Director; Kathleen McGhee, Chief Clerk; and Keith Hall, David Holliday, Fred Ward, Britt Snider, Richard Arenberg, Paul Joyal, Charles Battaglia, Larry Kettlewell, Tawanda Sullivan, James Currie, Blythe Thomas, John Elliff, Karen Lydon, Gary Sojka, Chris Straub, Edward Levine, Marvin Ott, Regina Genton, Steven Miller, Gerry Cater, James Martin, Jeanne McNaughton, Gerry Montoya, Michele Walters, Eric Lee, Dwight Howes and John Despres, Staff Members.

PROCEEDINGS

Chairman BOREN. The Committee will come to order.

I want to welcome Mr. Kerr before us today. He's someone many of us know, for he is a career intelligence officer with 28 years of service with the Central Intelligence Agency and, indeed, he has appeared before this Committee in closed sessions many times. Today is a rare occasion for our Committee as very few of our hearings can be conducted in public. In any other country in the world this would be an unusual, perhaps an unprecedented occasion for another reason. I don't know of another country, other than the United States, where there is public discussion of the qualifications and experience of the person nominated to the second ranking position within the intelligence service. While some other nations provide for legislative branch oversight of their intelligence activities, the extensive nature of the process in our country is truly unique.

Congressional oversight of executive branch operations goes back to the very beginning of our republic. But prior to the creation of the two Intelligence Committees in 1976, intelligence oversight was scattered among the various appropriating and authorizing committees on Capitol Hill, and was not very effective. Today we have a focal point for such oversight in each body of the Congress and I

believe that our oversight is valuable and effective and is getting better.

Let me emphasize that the cornerstone of effective oversight is trust. While a large array of statutes guide our relationship with the Executive Branch, the Iran-Contra affair demonstrated how easily they can be subverted to deny the Congress the timely reporting of special activities called for by the law.

Trust and bipartisanship are, therefore, very essential. Our objective is to help the President, Democrat or Republican, succeed in the pursuit in the nation's legitimate security interests. And while we may differ from time to time on the substance of policy and find ourselves at times in confrontations with the Executive Branch, our common goal, the pursuit of effective policy based upon bipartisanship and trust, cannot change.

I believe that it's important to provide the American people with as much insight into the intelligence oversight process as is possible without violating security. Aside from the open hearings we're required to hold regarding the qualifications of individuals to serve as Director and Deputy Director of the Central Intelligence Agency, most of our work, of necessity, is conducted out of the view of our colleagues and constituents.

With the tremendous assistance of the Vice Chairman, Senator Cohen, and the hard work of all of the members of this Committee, I believe that we've established an effective and bipartisan oversight process; one that is dedicated to ensuring that the activities of U.S. intelligence comply fully with the laws and policies of our government and, at the same time, provide policymakers with the best information possible to both seize opportunity and avert disasters and problems.

The Committee has implemented a number of significant reforms in the oversight process which deserve mention.

First, though they comprise only a small portion of the intelligence budget, covert action programs occupy an enormous proportion of our time. Because of their sensitivity and the great potential both for foreign policy pay-off and for foreign policy disaster or problems, covert actions are subjected to the most intense scrutiny, by the Intelligence Committees—our own Committee in the Senate and the House Intelligence Committee as well.

Our Committee has instituted systematic quarterly reviews of all presidentially mandated covert action programs. During these sessions, we first and foremost examine the policies which serve as the foundation for covert activities. Covert action can never function effectively in a policy vacuum. It is a delicate instrument of policy which should only be invoked when policy objectives are sound and have a reasonable chance of success. Moreover, if subjected to the scrutiny of the light of day, covert actions must be capable of receiving the bipartisan support of the American people. So we have a very important trusteeship role in this Committee. We not only make our own individual judgments about how we feel about policies but how we feel about those actions to implement those policies, and also we stand as trustees for the rest of the Congress and, indeed, for the American people in making judgments about the values and the policies that are being implemented.

Beyond underlying policy, the Committee concerns itself with evaluations of the management of these programs by our clandestine services.

Most important is the fact that these sessions have imposed an important discipline on the Executive Branch, causing a constant reassessment of both sanctioned covert actions and the policies which serve as their foundations. So when we conduct our quarterly reviews, it becomes necessary for the Executive Branch, the National Security Council and others to conduct their own reviews, in preparation.

In addition, we hold special hearings whenever the President initiates a new covert action and submits the required justification and analysis in the form of a Finding to the committee. While we have no power to veto proposed covert actions, Presidents have in the past heeded our advice by taking action to either modify or cancel activities which the Committee believed to be ill conceived or which we believe posed unnecessary risks for the security interests.

To strengthen the Committee's ability to assess how effectively U.S. intelligence allocates resources and manages sensitive programs, we created this past year a special audit unit within the Committee staff. This unit is staffed with professional auditors who have both the security clearances and the experience needed to thoroughly examine sensitive programs. In conducting their work, our audit team has received fine cooperation from the Intelligence Community. I believe that the work of the audit team has helped impose tighter discipline on the management of many sensitive operations while at the same time engaging U.S. intelligence in a cooperative, productive relationship.

Finally, let me say a word about security. Nothing can destroy trust more than the calculated and casual leaking of classified information. During our tenure, the Vice Chairman and I can categorically state that no leaks have emanated from the Senate Intelligence Committee. We have implemented the strictest rules and procedures to protect classified information. No classified information, including the personal notes of our members, can leave the Committee space. If a leak should occur, and be proven to originate from our Committee, both the Vice Chairman and I are committed to removing the offender, whether Senator or staffer, from the Committee. We have had very strong support of both the Democratic and Republican leaders of the Senate.

The Committee will never knowingly violate the trust that is essential for effective oversight. As we look ahead over the next few years, it's apparent that the U.S. intelligence community—of which Mr. Kerr will be the Deputy Director if he is confirmed by the full Senate—will face an enormous number of challenges.

The requirements levied on U.S. intelligence continue to multiply. Our principal adversary is undergoing dramatic changes, changes which U.S. intelligence must comprehend, predict and relate to policymakers in a manner that will allow the United States to peacefully and effectively manage the superpower relationship.

Arms control agreements loom on the horizon which will place greater stress on intelligence resources.

Ballistic missile technology and weapons which defy detection are proliferating faster than our ability to detect them.

Overlaid on these serious analytical problems is a brutal fact of life, the KGB and other hostile intelligence services continue in their attempts to penetrate our government and our private sector to steal our secrets and our technology. The Walkers and Pollards are still with us and if confirmed, Mr. Kerr, you will have to spend as much time protecting intelligence, as your will producing intelligence.

The problems are many and require men and women of capability and courage to confront them. Our hearing today is, in many respects, all about assessing the capability, courage and conviction of Dick Kerr, a man who seems ready and capable to accept the next challenge his country will offer.

The position to which Mr. Kerr has been nominated has always been an important one, but it appears that it will assume even greater stature in this administration. The new organizational structure for the National Security Council suggests that the DDCI, along with other principal deputies in the Departments of State and Defense, will have a far larger role than in the past in determining the agenda for the principal members of the National Security Council.

This offers the opportunity for a greater degree of consultation than ever before between the Executive and Legislative branches, and gives me hope that bipartisanship in foreign policy formulation will become more than just the dream that many of us now hold.

Let me state for the record, that Mr. Kerr has provided answers to the Committee's standard questionnaire, and sworn answers to certain questions regarding his involvement in the Iran-Contra affair. The Committee has also received a letter from the Office of Government Ethics, enclosing a copy of his financial disclosure report filed pursuant to the Ethics in Government Act of 1978.

Without objection, I will enter these documents into the record.

[The documents referred to follow:]

United States
Office of Government Ethics
P.O. Box 14108
Washington, D.C. 20044

February 21, 1989

The Honorable David L. Boren
Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Mr. Richard J. Kerr, who has been nominated by President Bush for the position of Deputy Director of Central Intelligence.

We have reviewed the report and have also obtained advice from the Central Intelligence Agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Based thereon, we believe that Mr. Kerr is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Frank Q. Nebeker

Frank Q. Nebeker
Director

Enclosure

Financial Disclosure Report

Page 1

Reporting Status (Check Appropriate Box)		Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee, or Candidate ☐ Termination Filer		FEB 1 1989	2/21/89.	

	Last Name	First Name and Middle Initial
Reporting Individual's Name	KERR	Richard J.
Position for Which Filing	Title of Position: Deputy Director of Central Intelligence	Department or Agency (If Applicable): CIA
Location of Present Office	Address (Number, Street, City, State and ZIP Code): Washington, D.C.	Telephone No. (Include Area Code): 703/482-5151
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held: Deputy Director for Intelligence, CIA (4/21/86 to present)	
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Senate Select Committee on Intelligence	Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief	R. [illegible] Kerr	1 Feb 89
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	[illegible]	1 February 1989
Office of Government Ethics Use Only	Signature: Frank Q. Nebeker	Date (Month, Day, Year): Feb. 21, 1989

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

(Check box if comments are continued on the reverse side) ☐

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A (except for BLOCK D), C, and D. (Candidates do not file Part II of Schedule D.

- **Schedule A**—The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I (Liabilities)**—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II (Agreements and Arrangements)**—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

SF 278 (Rev. 1/97)
PPM Chapter 734
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name	Assets and Income	Page Number	2	Schedule A
KERR, Richard J.				

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

	BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets							BLOCK C Income																		BLOCK D Transactions Test	
	Identify each asset and income source of yours, your spouse(S) and your dependent child (DC). NONE ☐	Category of Value (X)							Type (s) of Income (X)							Other (Specify Type)	Category of Amount of Income (X)									Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	If yes, complete Schd. B Part I for those assets (excluding those sold for a loss.	
		None (or less than $1001)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	Over $500,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust		None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$1,000,000	$1,000,001-$5,000,000	Over $5,000,000			YES	NO
S or DC	Example: X Y Z Common				X				X										X							—		X	
	Doe Jones & Smith, Hometown, USA			X												ptnrship income										$90,000			
1	Southern Shores, N.C. (Beach house) (tax assessed value)					X				X										X	**								
2	Eugene, OR (Trailer)			X						X									X	**								
3 S	U.S. Bank of Portland (Oregon) note payable to S for real estate*			X							X							X										
4	In Oregon (debtor is Delbert Barker) CIA Northwest Federal Credit			X							X							X										
5	Union CIA Voluntary Investment* Plan (Income Fund)		X						X									X										
6 S	Madeira School (Parttime)*	(Greenway, VA)														Salary													
7 S	CIA (Parttime)*															Salary													
8	Southern Shores, N.C. 2 Undeveloped lots				X												X												
9	(tax assessed value)																												
10																													

SF 278 Rev. 1/90
5 CFR Chapter XCVI
U.S. Office of Personal Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name
KERR, Richard J.

Page Number	3	Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE [X]

ID or (DC)	Exemplar	Identification of Assets	Type of Transaction (X)				Amount of Transaction (X)					
			Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	$250,001-$500,000	Over $500,000
1		X Y Z Common	X			2/1/93			X			
2												
3												
4												
5												
6												

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only: Report the source, a brief description and the value of: (1) in-kind gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. Exclude transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source. See instructions for further exclusions.

NONE [X]

ID		Source (Name and Address)	Brief Description	Value
	Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/16/93	$600
	Example	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	EXCL
1				
2				
3				
4				
5				
6				

SF 278 (Rev. 1/95)
5 CFR Chapter XCVI
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name
KERR, Richard J.

Page Number	4	Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE ☐

		Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	Exempt	First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	26 yrs.			X		
S or DC	Exempt	John Jones, 123 J St., Washington, DC	Promissory note	1979	10%	on demand	X				
1		NCNB National Bank of Florida Kitty Hawk, N. Carolina (Southern Shores)	Mortgage	1979	10%	15yrs		X			
2		Kitty Hawk Land Co. Kitty Hawk, N. Carolina (Southern Shores)	Mortgage	1987	11%	19yrs		X			
3											
4											
5											
6											

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE ☒

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/78 ponership agmnt.

SF 278 (Rev.) 1/89
EPA Chapter 735
U.S. Office of Personnel Management

Form Approved
OMB No. 3209-0001

Reporting Individual's Name
KERR, Richard J.

Page Number	5	Schedule D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE [X]

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples:	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/83	6/83
	Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/78	11/83

Part II
Compensation in Excess Of $5000 Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE [X]

	Source (Name and Address)	Brief Description of Duties
Examples:	Doe Jones & Smith, Hometown, USA	Legal services
	Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction

Central Intelligence Agency

Washington, D.C. 20505

19 January 1989

The Honorable David L. Boren
Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

With the Committee's letter of 3 January 1989 were two documents: "Questionnaire for Completion By Presidential Nominees" and "Questionnaire Supplement" relating to the Iran/Contra matter. Enclosed are my unclassified responses to both.

A copy of this letter and my responses are being sent to Vice Chairman Cohen.

Sincerely yours,

Richard J. Kerr
Deputy Director of Central
Intelligence-Designate

Enclosures

QUESTIONNAIRE SUPPLEMENT

The following information is supplied in response to the United States Senate Select Committee on Intelligence "Questionnaire Supplement" provided by letter to me, dated 3 January 1989, from Chairman David L. Boren and Vice Chairman William S. Cohen.

Question (1): On what date did you first learn information, either directly or indirectly, regarding the proposed sale of arms to Iran, what was that information, and what actions did you take or advise upon learning such information?

Answer: I first learned information regarding the proposed sale of arms to Iran in late summer 1986 from National Intelligence Officer for Counterterrorism, Charles Allen. It was during this same conversation that Mr. Allen speculated about excess money possibly being diverted to assist the Contras.

Question (2): Since the date set forth in your response to question number one above, describe any and all actions taken by you and by others acting pursuant to your direction or advice with respect to both the proposed sale of arms to Iran and that aspect of the ensuing investigations by both the Executive and Legislative branches.

Answer: The actions I took upon learning of the sale of arms to Iran are described in answer to question 5.

With respect to all ensuing investigations by the Executive and Legislative branches into the proposed sale of arms to Iran, I took all necessary measures to ensure tht all CIA employees under my supervision cooperated fully with these investigations. I was interviewed by the CIA Office of Inspector General and the Congressional Iran/Contra Committees concerning my knowledge of and involvement in the Iranian initiative.

Question (3): On what date did you first learn information, either directly or indirectly, regarding the transfer of intelligence to Iran, what was the information, and what actions did you take or advise upon learning such information?

Answer: I first learned about the provision of intelligence to Iran in April or early May 1986, shortly after I became Deputy Director for Intelligence. At that time, I was made aware that, at the prior direction of my predecessor Robert Gates, the Directorate of Intelligence was in the process of preparing materials on the Soviet threat to Iran for a briefing of Robert McFarlane in preparation for his secret trip to Iran in late May 1986. My understanding at that time was that the materials being prepared would not be given to the Iranians. The briefing of McFarlane by DI analysts occurred at CIA Headquarters on 13 May 1986.

Question (4): Since the day set forth in your response to question number three above, describe any and all actions taken by you and by others acting pursuant to your direction or advice with respect to both the transfer of intelligence to Iran and that aspect of the ensuing investigations by both the Executive and Legislative branches.

Answer: On 3 October 1986, the Chief/Near East Division/ Directorate of Operations (C/NE) asked me for order of battle information depicting Iraqi troop deployments on the border with Iran that would be passed to representatives of the Iranian government. C/NE advised me at that time that Lt. Col. North was requesting this information. The information we provided was general in nature and not unique or critical, but certainly would have been helpful to Iran. Although the information the DI provided the next day to NE Division was accurate, I later learned that some of the information was altered at some point before it was given to the Iranians. Later in October 1986, NE Division gave DI analysts maps of Soviet forces on the Iran-Afghan border, which our analysts were told had been provided by the Iranians, and asked for DI feedback on the accuracy and value of the maps. Our analysts concluded and advised NE that they were of little analytic value. During this general time frame, I checked with DCI Casey, DDCI Gates and DDO Clair George to ensure that they had no objections to providing intelligence to Iran.

With respect to all ensuing investigations by the Executive and Legislative branches into the transfer of intelligence to Iran, I took all necessary measures to ensure that all CIA employees under my supervision cooperated fully with these investigations. I was interviewed by the CIA Office of Inspector General and the Congressional Iran/Contra Committees concerning my knowledge of and involvement in the Iranian initiative.

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Question (5): On what date did you first learn information, either directly or indirectly, suggesting that funds derived from the sale of arms to Iran possibly had been used to support the Nicaraguan resistance, what was that information, and what actions did you take or advise upon learning such information?

Answer: In late summer of 1986, the National Intelligence Officer for Counterterrorism, Charles Allen, informed me of infomation alleging that the U.S. Government had overcharged Iran in the sale of HAWK parts. In that conversation, Mr. Allen speculated that the excess money had possibly been diverted to assist the Contras. To the best of my recollection, Mr. Allen did not explain why he believed the funds might have been diverted to the Contras. Shortly thereafter, I recounted Mr. Allen's speculation about a diversion to DDCI Gates, who told me he wanted to be kept informed about the matter.

Question (6): From the date set forth in your response to question number 5 above, describe any and all actions taken by you and by others acting pursuant to your direction or advice with respect to both such support to the Nicaraguan resistance and that aspect of the ensuing investigations by the Executive and Legislative branches.

Answer: The next involvement I personally had was in the preparation of the briefing materials in early October. (See question 4)

Question (7): Describe any information presently known to you, either directly or indirectly, concerning activities by U.S. officials that had the purpose or effect of providing illegal or unauthorized assistance to the Nicaraguan resistance during the period that such assistance was prohibited by law.

Answer: I am aware of no such information other than that which I learned as a result of the ensuing investigations by the Executive and Legislative branches into the Iran/Contra Affair.

Question (8): Describe any information presently known to you, either directly or indirectly, concerning any activities arising out of the Iran-Contra matter that you have reason to believe may be unlawful or contrary to Executive Order, which

have not been reported to the Intelligence Oversight Board, or any activities which may involve violation of any federal criminal law which have not been reported to the Attorney General.

Answer: I am aware of no such information.

AFFIDAVIT

I, Richard J. Kerr, do swear that the answers I have provided to this "Questionnaire Supplement" are, to the best of my knowledge, accurate and complete.

18 Jan 89
Date

Richard J. Kerr
Richard J. Kerr

SWORN TO AND SUBSCRIBED before me on this 18 day of January 1989.

Witness my hand and official seal.

Marion M. Rygiel
Marion M. Rygiel

My Commission Expires
November 6, 1992.

SELECT COMMITTEE ON INTELLIGENCE

UNITED STATES SENATE

QUESTIONNAIRE FOR COMPLETION BY
PRESIDENTIAL NOMINEES

EFFECTIVE JANUARY 1986

SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE

QUESTIONNAIRE FOR COMPLETION BY PRESIDENTIAL NOMINEES

PART A - BIOGRAPHICAL INFORMATION

1. NAME: RICHARD JAMES KERR

2. DATE AND PLACE OF BIRTH: 4 October 1935, Fort Smith-Arkansas

3. MARITAL STATUS: MARRIED

4. SPOUSE'S NAME: JANICE SINCLAIR KERR

5. SPOUSE'S MAIDEN NAME IF APPLICABLE: SINCLAIR

6. NAMES AND AGES OF CHILDREN:

Name	Age
RANDALL A.	33
ANDRE S.	31
KEVIN J.	28
MEAGAN A.	22

7. EDUCATION SINCE HIGH SCHOOL:

INSTITUTION	DATES ATTENDED	DEGREE RECEIVED	DATE OF DEGREE
UNIVERSITY OF OREGON	1956-59	B.A.	1959
UNIVERSITY OF OREGON	1959-60		

8. EMPLOYMENT RECORD (LIST ALL POSITIONS HELD SINCE COLLEGE, INCLUDING MILITARY SERVICE. INDICATE NAME OF EMPLOYER, POSITION TITLE OR DESCRIPTION, LOCATION, AND DATES OF EMPLOYMENT):

EMPLOYER	POSITION/TITLE	LOCATION	DATES OF EMPLOYMEN

SEE ATTACHED SHEET

9. GOVERNMENT EXPERIENCE (INDICATE EXPERIENCE IN OR ASSOCIATION WITH FEDERAL, STATE OR LOCAL GOVERNMENTS, INCLUDING ADVISORY, CONSULTATIVE, HONORARY OR OTHER PART-TIME SERVICE OR POSITION. DO NOT REPEAT INFORMATION ALREADY PROVIDED IN ANSWER TO QUESTION 8):

NONE

8. EMPLOYMENT RECORD (LIST ALL POSITIONS HELD SINCE COLLEGE, INCLUDING MILITARY SERVICE. INDICATE NAME OF EMPLOYER, POSITION TITLE OR DESCRIPTION, LOCATION, AND DATES OF EMPLOYMENT)

EMPLOYER	POSITION/TITLE	LOCATION	DATES OF EMPLOYMENT
CIA	Analyst, Office of Central Reference	Washington, D.C.	9/1960-7/1962
CIA	Analyst, Office of Current Intelligence	Washington, D.C.	7/1962-12/1967
CIA	Chief, Strategic Intelligence Group	Honolulu, Hawaii	7/1968-7/1970
CIA	Chief, China/Far East Branch	Washington, D.C.	7/1970-12/1971
CIA (on detail to IC Staff	Chief, Inter-Directorate Special Study Group	Washington,D.C.	12/1971-8/1976
CIA (on detail to IC Staff)	Executive Officer	Washington, D.C.	9/1976-1/1978
CIA	Deputy Director of Regional and Political Analysis	Washington, D.C.	3/1978-10/1979
CIA	Director of Current Operations	Washington, D.C.	11/1979-9/1981
CIA	Director of East Asian Analysis	Washington, D.C.	10/1981-7/1982
CIA	Associate Deputy Director for Intelligence	Washington, D.C.	7/1982-12/1985
CIA	Deputy Director for for Administration	Washington, D.C.	1/1986-4/1986
CIA	Deputy Director for for Intelligence	Washington, D.C.	4/1986-present

10. HONORS AND AWARDS (PROVIDE INFORMATION ON SCHOLARSHIPS, FELLOWSHIPS, HONORARY DEGREES, MILITARY DECORATIONS, CIVILIAN SERVICE CITATIONS, OR ANY OTHER SPECIAL RECOGNITION FOR OUTSTANDING PERFORMANCE OR ACHIEVEMENT):

National Intelligence Distinguished Service Medal, October 1986, recognition of exceptional achievements for the Intelligence Community

Distinguished Intelligence Medal, March 1986, in recognition of exceptional achievements for the Central Intelligence Agency

11. ORGANIZATIONAL AFFILIATIONS (LIST MEMBERSHIPS IN AND OFFICES HELD WITHIN THE LAST TEN YEARS IN ANY PROFESSIONAL, CIVIC, FRATERNAL, BUSINESS, SCHOLARLY, CULTURAL, CHARITABLE OR OTHER SIMILAR ORGANIZATIONS):

ORGANIZATION	OFFICE HELD	DATES
None		

12. PUBLISHED WRITINGS AND SPEECHES (LIST THE TITLES, PUBLISHERS, AND PUBLICATION DATES OF ANY BOOKS, ARTICLES, REPORTS OR OTHER PUBLISHED MATERIALS YOU HAVE AUTHORED. ALSO LIST THE TITLES OF ANY PUBLIC SPEECHES YOU HAVE MADE WITHIN THE LAST 10 YEARS FOR WHICH THERE IS A TEXT OR TRANSCRIPT. TO THE EXTENT POSSIBLE, PLEASE PROVIDE A COPY OF EACH SUCH PUBLICATION, TEXT OR TRANSCRIPT

None

PART B - QUALIFICATIONS AND REFERENCES

13. QUALIFICATIONS (DESCRIBE WHY YOU BELIEVE YOU ARE QUALIFIED TO SERVE IN THE POSITION FOR WHICH YOU HAVE BEEN NOMINATED):

I consider myself a professional intelligence officer and am proud to be one. I have served 28 years in a variety of analytic, planning, staff, and management positions in CIA. In addition, I have been assigned to a major U.S. military command, worked on TDY as a reports officer overseas, served in staff positions on the Intelligence Community Staff, and been intimately involved in budget and collection program development. I believe I understand the vital and appropriate role of intelligence in the policy process and have the integrity to provide objective and honest assessments to policymakers, even when those assessments do not bring good news. I will be able to give strong guidance to the Intelligence Community and the CIA, and will be effective in supporting Congressional oversight.

14. REFERENCES (PROVIDE THE NAMES AND BUSINESS ADDRESSES AND TELEPHONE NUMBERS OF FIVE INDIVIDUALS WHOM YOU BELIEVE ARE IN A POSITION TO COMMENT ON YOUR QUALIFICATIONS TO SERVE IN THE POSITION FOR WHICH YOU HAVE BEEN NOMINATED. INCLUDE THREE INDIVIDUALS WHO HAVE KNOW YOU FOR AT LEAST FIVE YEARS):

NAME	BUSINESS ADDRESS	BUSINESS TELEPHONE	YEARS KNOWN
Robert M. Gates	Deputy Assistant to the President for National Security Affairs West Wing, The White House	(202) 456-2257	15
John McMahon	Lockheed Missile Space & Electronics Group, P.O. Box 3504 Sunnyvale, CA 94088-3504	(408) 742-6211	15
ADM Bobby Inman	Westmark Systems, Inc. 301 Congress Ave., Suite 2000 Austin, TX 78701	(512) 322-0222	15
RADM Robert Schmitt	9123 Continental Drive Alexandria, VA 22309 (Home)	(H) (703) 780-4393	6
John J. Hicks	1408 Julia Avenue McLean, VA 22101	(H) (703) 356-9380	27

PART C - POLITICAL AND FOREIGN AFFILIATIONS

15. POLITICAL ACTIVITIES (LIST ANY MEMBERSHIPS OR OFFICES HELD IN OR FINANCIAL CONTRIBUTIONS OR SERVICES RENDERED TO, ANY POLITICAL PARTY, ELECTION COMMITTEE, POLITICAL ACTION COMMITTEE, OR INDIVIDUAL CANDIDATE DURING THE LAST TEN YEARS):

NONE

16. CANDIDACY FOR PUBLIC OFFICE (FURNISH DETAILS OF ANY CANDIDACY FOR ELECTIVE PUBLIC OFFICE):

N/A

17. FOREIGN AFFILIATIONS

NOTE: QUESTIONS 17 A AND B ARE NOT LIMITED TO RELATIONSHIPS REQUIRING REGISTRATION UNDER THE FOREIGN AGENTS REGISTRATION ACT. QUESTIONS 17 A, B AND C DO NOT CALL FOR A POSITIVE RESPONSE IF THE REPRESENTATION OR TRANSACTION WAS AUTHORIZED BY THE UNITED STATES GOVERNMENT IN CONNECTION WITH YOUR OR YOUR SPOUSE'S EMPLOYMENT IN GOVERNMENT SERVICE.

A. HAVE YOU OR YOUR SPOUSE EVER REPRESENTED IN ANY CAPACITY (E.G., EMPLOYEE, ATTORNEY, BUSINESS, OR POLITICAL ADVISER

OR CONSULTANT), WITH OR WITHOUT COMPENSATION, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FULLY DESCRIBE SUCH RELATIONSHIP.

NO

B. IF YOU OR YOUR SPOUSE HAS EVER BEEN FORMALLY ASSOCIATED WITH A LAW, ACCOUNTING, PUBLIC RELATIONS FIRM OR OTHER SERVICE ORGANIZATION, HAVE ANY OF YOUR OR YOUR SPOUSE'S ASSOCIATES REPRESENTED, IN ANY CAPACITY, WITH OR WITHOUT COMPENSATION, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FULLY DESCRIBE SUCH RELATIONSHIP.

NO

C. DURING THE PAST TEN YEARS HAVE YOU OR YOUR SPOUSE RECEIVED ANY COMPENSATION FROM, OR BEEN INVOLVED IN ANY FINANCIAL OR BUSINESS TRANSACTIONS WITH, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FURNISH DETAILS.

NO

D. HAVE YOU OR YOUR SPOUSE EVER REGISTERED UNDER THE FOREIGN AGENTS REGISTRATION ACT? IF SO, PLEASE FURNISH DETAILS.

NO

18. DESCRIBE ANY LOBBYING ACTIVITY DURING THE PAST TEN YEARS, OTHER THAN IN AN OFFICIAL U.S. GOVERNMENT CAPACITY, IN WHICH YOU OR YOUR SPOUSE HAVE ENGAGED FOR THE PURPOSE OF DIRECTLY OR INDIRECTLY INFLUENCING THE PASSAGE, DEFEAT OR MODIFICATION OF

LEGISLATION AT THE NATIONAL LEVEL OF GOVERNMENT, OR FOR THE PURPOSE OF AFFECTING THE ADMINISTRATION AND EXECUTION OF NATIONAL LAW OR PUBLIC POLICY.

NONE

PART D - FINANCIAL DISCLOSURE AND CONFLICT OF INTEREST

19. DESCRIBE ANY EMPLOYMENT, BUSINESS RELATIONSHIP, FINANCIAL TRANSACTION, INVESTMENT, ASSOCIATION OR ACTIVITY (INCLUDING, BUT NOT LIMITED TO, DEALINGS WITH THE FEDERAL GOVERNMENT ON YOUR OWN BEHALF OR ON BEHALF OF A CLIENT), WHICH COULD CREATE, OR APPEAR TO CREATE, A CONFLICT OF INTEREST IN THE POSITION TO WHICH YOU HAVE BEEN NOMINATED.

NONE

20. DO YOU INTEND TO SEVER ALL BUSINESS CONNECTIONS WITH YOUR PRESENT EMPLOYERS, FIRMS, BUSINESS ASSOCIATES AND/OR PARTNERSHIPS OR OTHER ORGANIZATIONS IN THE EVENT THAT YOU ARE CONFIRMED BY THE SENATE? IF NOT, PLEASE EXPLAIN.

I HAVE NO BUSINESS CONNECTIONS OR PARTNERSHIPS.

21. DESCRIBE THE FINANCIAL ARRANGEMENTS YOU HAVE MADE OR PLAN TO MAKE, IF YOU ARE CONFIRMED, IN CONNECTION WITH SEVERANCE FROM YOUR CURRENT POSITION. PLEASE INCLUDE SEVERANCE PAY, PENSION RIGHTS, STOCK OPTIONS, DEFERRED INCOME ARRANGEMENTS, AND ANY AND ALL COMPENSATION THAT WILL OR MIGHT BE RECEIVED IN THE FUTURE AS A RESULT OF YOUR CURRENT BUSINESS OR PROFESSIONAL RELATIONSHIPS.

NONE REQUIRED

22. DO YOU HAVE ANY PLANS, COMMITMENTS OR AGREEMENTS TO PURSUE OUTSIDE EMPLOYMENT, WITH OR WITHOUT COMPENSATION, DURING YOUR SERVICE WITH THE GOVERNMENT? IF SO, PLEASE FURNISH DETAILS.

NO

23. AS FAR AS CAN BE FORESEEN, STATE YOUR PLANS AFTER COMPLETING GOVERNMENT SERVICE. PLEASE SPECIFICALLY DESCRIBE ANY AGREEMENTS OR UNDERSTANDINGS, WRITTEN OR UNWRITTEN, CONCERNING EMPLOYMENT AFTER LEAVING GOVERNMENT SERVICE. IN PARTICULAR, DESCRIBE ANY AGREEMENTS, UNDERSTANDINGS OR OPTIONS TO RETURN TO YOUR CURRENT POSITION.

I have no specific plans after completing government service. I have not entered into any agreements concerning employment.

24. IF YOU ARE PRESENTLY IN GOVERNMENT SERVICE, DURING THE PAST FIVE YEARS OF SUCH SERVICE, HAVE YOU RECEIVED FROM A PERSON OUTSIDE OF GOVERNMENT AN OFFER OR EXPRESSION OF INTEREST TO EMPLOY YOUR SERVICES AFTER YOU LEAVE GOVERNMENT SERVICE?

NO

25. IS YOUR SPOUSE EMPLOYED? IF THE NATURE OF THIS EMPLOYMENT IS RELATED IN ANY WAY TO THE POSITION FOR WHICH YOU ARE SEEKING CONFIRMATION, PLEASE INDICATE YOUR SPOUSE'S EMPLOYER, THE POSITION AND THE LENGTH OF TIME THE POSITION HAS BEEN HELD. IF YOUR SPOUSE'S EMPLOYMENT IS NOT RELATED TO THE POSITION TO WHICH YOU HAVE BEEN NOMINATED, PLEASE SO STATE.

My wife is employed in several parttime jobs but none is related to the position I am seeking.

26. LIST BELOW ALL CORPORATIONS, PARTNERSHIPS, FOUNDATIONS, TRUSTS, OR OTHER ENTITIES TOWARD WHICH YOU OR YOUR SPOUSE HAVE FIDUCIARY OBLIGATIONS OR IN WHICH YOU OR YOUR SPOUSE HAVE HELD DIRECTORSHIPS OR OTHER POSITONS OF TRUST DURING THE PAST FIVE YEARS.

NAME OF ENTITY	POSITION	DATES HELD	SELF OR SPOUSE
NONE			

27. LIST ALL GIFTS EXCEEDING $500 IN VALUE RECEIVED DURING THE PAST FIVE YEARS BY YOU, YOUR SPOUSE, OR YOUR DEPENDENTS. GIFTS RECEIVED FROM RELATIVES AND GIFTS GIVEN TO A SPOUSE OR DEPENDENT TOTALLY INDEPENDENT OF THEIR RELATIONSHIP TO YOU NEED NOT BE INCLUDED.

NONE

28. LIST ALL SECURITIES, REAL PROPERTY, PARTNERSHIP INTERESTS, OR OTHER INVESTMENTS OR RECEIVABLES WITH A CURRENT MARKET VALUE (OR, IF MARKET VALUE IS NOT ASCERTAINABLE, ESTIMATED CURRENT FAIR VALUE) IN EXCESS OF $1,000. (NOTE: THE INFORMATION PROVIDED IN RESPONSE TO SCHEDULE A OF THE DISCLOSURE FORMS OF THE OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CURRENT VALUATIONS ARE USED.)

DESCRIPTION OF PROPERTY	VALUE	METHOD OF VALUATION
Kitty Hawk, N. Carolina (Southern Shores)	$15,000	1988 Real Estate Tax
Kitty Hawk, N. Carolina (Southern Shores)	$20,000	1988 Real Estate Tax
Kitty Hawk, N. Carolina (Southern Shores)	$54,000	1988 Real Estate Tax
Great Falls, VA	$185,590	1988 Real Estate Tax
Eugene, OR	$8,330	1988 Real Estate Tax

29. LIST ALL LOANS, MORTGAGES, OR OTHER INDEBTEDNESS (INCLUDING ANY CONTINGENT LIABILITIES) IN EXCESS OF $10,000. (NOTE: THE INFORMATION PROVIDED IN RESPONSE TO SCHEDULE D OF THE DISCLOSURE FORM OF THE OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CONTINGENT LIABILITIES ARE ALSO INCLUDED.)

NATURE OF OBLIGATION	NAME OF OBLIGEE	AMOUNT
Mortgage	Kitty Hawk Land Co.	$37,408.87
Mortgage	NCNB National Bank of Florida	$31,266.84
Mortgage	CRESTAR Bank	$30,131.33

30. ARE YOU OR YOUR SPOUSE NOW IN DEFAULT ON ANY LOAN, DEBT OR OTHER FINANCIAL OBLIGATION? HAVE YOU OR YOUR SPOUSE BEEN IN DEFAULT ON ANY LOAN, DEBT OR OTHER FINANCIAL OBLIGATION IN THE PAST TEN YEARS? IF THE ANSWER TO EITHER QUESTION IS YES, PLEASE PROVDE DETAILS.

NOT APPLICABLE

31. LIST SOURCES AND AMOUNTS OF ALL INCOME RECEIVED DURING THE LAST FIVE YEARS, INCLUDING ALL SALARIES, FEES, DIVIDENDS, INTEREST, GIFTS, RENTS, ROYALTIES, PATENTS, HONORARIA, AND OTHER ITEMS EXCEEDING $500. (IF YOU PREFER TO DO SO, COPIES OF U.S. INCOME TAX RETURNS FOR THESE YEARS MAY BE SUBSTITUTED HERE, BUT THEIR SUBMISSION IS NOT REQUIRED.)

	1983	1984	1985	1986	1987
Salary	$72,189	$78,963	$90,689	$90,511	$89,345
Spouse:	$1,274	$1,578	$1,733	$1,883	$4,057
Fees, royalties					
Dividends					
Interest	$2,400	$2,357	$1,579	$1,235	$1,136
Gifts					
Rents	$3,976	$4,126	$5,208	$6,513	$6,394
Other-exceeding $500					
Total	$79,839	$87,024	$99,209	$100,142	$100,932

32. IF ASKED, WOULD YOU PROVIDE THE COMMITTEE WITH COPIES OF YOUR AND YOUR SPOUSE'S FEDERAL INCOME TAX RETURNS FOR THE PAST THREE YEARS?

YES

33. HAVE YOUR FEDERAL OR STATE TAX RETURNS BEEN THE SUBJECT OF ANY AUDIT, INVESTIGATION OR INQUIRY AT ANY TIME? IF SO, PLEASE PROVIDE DETAILS, INCLUDING THE RESULT OF ANY SUCH PROCEEDING.

Yes. Around 1979 I had made an addition mistake and paid a small charge of approximately $80.00

34. ATTACH A SCHEDULE ITEMIZING EACH INDIVIDUAL SOURCE OF INCOME WHICH EXCEEDS $500. IF YOU ARE AN ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL, ALSO ATTACH A SCHEDULE LISTING ALL CLIENTS AND CUSTOMERS WHOM YOU BILLED MORE THAN $500 WORTH OF SERVICES DURING THE PAST FIVE YEARS.

See response to question #31.

35. DO YOU INTEND TO PLACE YOUR FINANCIAL HOLDINGS AND THOSE OF YOUR SPOUSE AND DEPENDENT MEMBERS OF YOUR IMMEDIATE HOUSEHOLD IN A BLIND TRUST? IF YES, PLEASE FURNISH DETAILS.

NO

36. EXPLAIN HOW YOU WILL RESOLVE ANY ACTUAL OR POTENTIAL CONFLICTS OF INTEREST THAT MAY BE INDICATED BY YOUR RESPONSE TO THE QUESTIONS IN THIS PART OR IN PART C (QUESTIONS 15 THRU 35).

I have no actual or potential conflicts of interest.

PART E - ETHICAL MATTERS

37. HAVE YOU EVER BEEN DISCIPLINED OR CITED FOR A BREACH OF ETHICS FOR UNPROFESSIONAL CONDUCT BY, OR BEEN THE SUBJECT OF A COMPLAINT TO, ANY COURT, ADMINISTRATIVE AGENCY, PROFESSIONAL ASSOCIATION, DISCIPLINARY COMMITTEE OR OTHER PROFESSIONAL GROUP? IF SO, PROVIDE DETAILS.

NO

38. HAVE YOU EVER BEEN INVESTIGATED, HELD, ARRESTED, OR CHARGED BY ANY FEDERAL, STATE, OR OTHER LAW ENFORCEMENT AUTHORITY FOR VIOLATION OF ANY FEDERAL, STATE, COUNTY, OR MUNICIPAL LAW, REGULATION, OR ORDINANCE, OTHER THAN A MINOR TRAFFIC OFFENSE, OR NAMED EITHER AS A DEFENDANT OR OTHERWISE IN ANY INDICTMENT OR INFORMATION RELATING TO SUCH VIOLATION? IF SO, PROVIDE DETAILS.

NO

39. HAVE YOU EVER BEEN CONVICTED OF OR ENTERED A PLEA OF GUILTY OR NOLO CONTENDERE TO ANY CRIMINAL VIOLATION OTHER THAN A MINOR TRAFFIC OFFENSE? IF SO, PROVIDE DETAILS.

NO

40. ARE YOU PRESENTLY OR HAVE YOU EVER BEEN A PARTY IN INTEREST IN ANY ADMINISTRATIVE AGENCY PROCEEDING OR CIVIL LIGIGATION? IF SO, PROVIDE DETAILS.

NO

41. HAVE YOU BEEN INTERVIEWED OR ASKED TO SUPPLY ANY INFORMATION AS A WITNESS OR OTHERWISE IN CONNECTION WITH ANY CONGRESSIONAL INVESTIGATION, FEDERAL OR STATE AGENCY PROCEEDING, GRAND JURY INVESTIGATION, OR CRIMINAL OR CIVIL LITIGATION IN THE PAST TEN YEARS? IF SO, PROVIDE DETAILS.

YES. IRAN-CONTRA

42. HAS ANY BUSINESS OF WHICH YOU ARE OR WERE AN OFFICER, DIRECTOR OR PARTNER BEEN A PARTY TO ANY ADMINISTRATIVE AGENCY PROCEEDING OR CRIMINAL OR CIVIL LIGIGATION RELEVANT TO THE POSITION TO WHICH YOU HAVE BEEN NOMINATED? IF SO, PROVIDE DETAILS. (WITH RESPECT TO A BUSINESS OF WHICH YOU ARE OR WERE AN OFFICER, YOU NEED ONLY CONSIDER PROCEEDINGS AND LITIGATION THAT OCCURRED WHILE YOU WERE AN OFFICER OF THAT BUSINESS.)

NO

PART F - ADDITIONAL INFORMATION

43. DESCRIBE IN YOUR OWN WORDS THE CONCEPT OF CONGRESSIONAL OVERSIGHT OF U.S. INTELLIGENCE ACTIVITIES. IN PARTICULAR, CHARACTERIZE WHAT YOU BELIEVE TO BE THE OBLIGATIONS OF THE DIRECTOR OF CENTRAL INTELLIGENCE, THE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE, AND THE INTELLIGENCE COMMITTEES OF THE CONGRESS RESPECTIVELY IN THIS PROCESS.

The obligations of the DCI and DDCI as well as responsibilities of the oversight committees are well spelled out in the Intelligence Oversight Act of 1980 and procedures subsequently agreed to by the DCI and the Committees. I have no reservations about the need for accountability for activities of U.S. intelligence. Adherence to the law, Executive Orders and regulations is a fundamental purpose of oversight. To make Congressional

continued...

PART F - ADDITIONAL INFORMATION (continued)

oversight truly effective and a positive force, I believe it must be conducted with candidness and honesty. Trust is not easily developed but it is a necessary ingredient and must go both ways. There is strong support for oversight within the Intelligence Community. I recognize that oversight is essential for an activity that does not receive public scrutiny and I also believe oversight can and does produce strong Congressional support for Intelligence Community activities. In fact, the Congressional oversight committees have been advocates of a stronger, more effective intelligence effort.

44. DEFINE IN YOUR OWN WORDS THE DUTIES OF THE POSITION TO WHICH YOU HAVE BEEN NOMINATED.

I have discussed the duties of this position with the DCI and also will bring to this job my own views of the role of the DDCI and the role of a deputy. As DDCI, I will work with the DCI to sharpen the intelligence product and make it more relevant to policymakers. A major responsibility is to assist the DCI in assuming a stronger leadership role in the community. This will be more critical as budgetary constraints force hard decisions on resource issues. I plan to take some of the day-to-day administrative burdens off the DCI, but it is clear he intends for me to be involved in all of the major issues as well. Finally, I will be actively involved in the process of Congressional oversight.

45. PLEASE ADVISE THE COMMITTEE OF ANY ADDITIONAL INFORMATION, FAVORABLE OR UNFAVORABLE, WHICH YOU FEEL SHOULD BE CONSIDERED IN CONNECTION WITH YOUR NOMINATION.

AFFIDAVIT

I, RICHARD JAMES KERR, do swear that the answers I have provided to this questionnaire are, to the best of my knowledge, accurate and complete.

19 January 1984
(DATE)

Richard J. Kerr
(NAME)

(NOTARY)

My Commission Expires November 6, 1992.

Chairman BOREN. I would ask if the Vice Chairman or other members of the Committee have comments that they would like to make.

Senator COHEN. Mr. Chairman, let me welcome Mr. Kerr here and join you in commending him for his extraordinary public service. We do work rather closely together, Mr. Kerr, so closely that I can find virtually no difference between my opening statement and that of the Chairman's I'm not sure whether that's a good sign or bad sign as far as the staff is concerned but nonetheless I will not take any time other than to raise on issue. And I ask that my statement be included in the record.

[The statement of Senator Cohen follows:]

OPENING STATEMENT BY SENATOR WILLIAM S. COHEN

Thank you, Mr. Chairman. I, too, welcome Mr. Kerr before the Committee. I would also like to recognize the members of his family who are here this morning.

As you have pointed out, Mr. Chairman, Mr. Kerr is an experienced intelligence professional having spent his entire career at CIA. I think it is very desirable to have such a person serving as deputy. His experience should be of great benefit not only to the DCI, but to those of us on the oversight committees as well. We often need an experienced hand to turn to, to ensure our requirements are satisfied, and to keep things running smoothly between the Committee and the intelligence community.

Confirmation hearings such as these provide a valuable opportunity, I believe, not merely to hear the views of the nominee, but also to remind the public of the role this Committee plays in the oversight of U.S. intelligence activities. While most of our work is necessarily done behind closed doors, there is room within the contraints of security classification, I believe, for greater public awareness, both of the activities of the intelligence community and of the congressional oversight process. Indeed, for the most part, I sense the public does not have a clear understanding of what this Committee does.

Accordingly, I thought I would take a minute or two to review the oversight process and emphasize the importance of trust and comity between the executive and legislative branches.

Perhaps most significant, Mr. Chairman, is the Committee's responsibility to authorize appropriations each year for all of the intelligence activities of the U.S. Government. This means that we must look at all of these programs, involving many departments and agencies, to determine what the levels of expenditure should be. It also means that we look at where the money is being spent. Occasionally we place limitations and conditions on the funds being authorized to ensure that intelligence activities remain within appropriate bounds. And when the executive wishes to reprogram funds which have been appropriated for other programs to use for an intelligence activity, the two intelligence committees must approve.

In this respect, we are similar to other congressional committees charged with authorizing annual appropriations. But I think it is important for the public to understand that intelligence activities go through the same appropriations process as other activities of the United States Government. Indeed, our review may be more rigorous than that given many other Government agencies.

We also spend a great deal of time in the area of covert actions, tracking progress and identifying possible concerns. The Committee conducts regular covert action reviews each quarter. We also meet on an ad hoc basis to consider new findings or changes in old ones, and, as I mentioned, where new sources of funding are required, we meet to consider them. Notwithstanding the previous administration's failure to advise the committees of the Iran arms sales finding, the working relationship between the intelligence community and the Committee in this very sensitive area has, for the most part, been excellent. Indeed, we will look for it to continue under Mr. Kerr.

I might add here, Mr. Chairman, that I am still not satisfied with the way things have been left with respect to the requirements for reporting covert actions to Congress. You will recall the effort we went through last year to pass S. 1721 which would have established a time certain of 48 hours for the President to report covert actions to the Congress. We passed the bill by a 71–19 vote, but it never came to a vote in the House.

So we are still left with the Reagan administration's Justice Department determination that a President has "unfettered discretion" to interpret what his obligations are under the existing language calling for reporting "in a timely fashion." This is simply not acceptable to this Committee and is a matter which has to be resolved. If we are able to reach an accommodation on this issue with the new administration, fine. But if we cannot, I see no alternative, in terms of preserving our institutional prerogatives, but to enact new legislation. Unless progress is made in the near future, I intend to reintroduce this measure.

It is also our responsibility to look at the collection operations of the intelligence community. What support are they providing in terms of military or diplomatic crises facing the United States? How are they supporting treaty negotiations or implementation? How are they supporting U.S. drug interdiction efforts or counterterrorism activities?

In addition, we also monitor the analysis and production function. Are policymakers getting what they need? Is it objective? Is it free of bias? Have dissenting views been given proper expression? These are questions, in fact, that we will no doubt be addressing in particular with Mr. Kerr today, given his background in the analytical area. The Committee receives most of the finished intelligence reports which are provided to policymakers in the executive branch. These give us an excellent insight into how the system is actually working.

The Committee also devotes a lot of time to the other side of the coin. What is the Government doing to protect its sensitive activities from disclosure? Are U.S. counterintelligence and security programs adequate? The Committee issued a lengthy public report in 1986 in the wake of the "year of the spy," where we made 95 recommendations for improvement in U.S. policies and programs. Much has since been accomplished. Yet there are still repeated cases of espionage coming to light, some of them very serious. We are in the process of producing a follow-up to the 1986 report. It is expected to be released to the public later this year. This report will assess these recent cases and offer further recommendations on what remains to be done to improve our counterintelligence and security posture.

The Committee has also established an internal audit capability of its own, to review expenditures of intelligence community components. Although it is small in size, our audit staff has already had a decidedly beneficial impact on oversight. It has given us a capability which we had previously lacked to get at the nuts and bolts of the intelligence programs we oversee.

We are also exploring the use of outside consultants, people who have experience and expertise in the intelligence business, who might provide us with useful insights and advice concerning the exercise of our oversight responsibilities. This, too, would give us an ability to hone and refine the oversight process, making the most of our time and capabilities.

In short, Mr. Chairman, the Intelligence Committee has an active and productive agenda. After 13 years of existence, its institutional role has been largely established both within the Congress and with respect to the intelligence community. I think it important that this evolution continue along the same lines, with mutual understanding between the branches for the respective roles each plays in this process. We must maintain the trust and cooperation which have been built. We both have the same goal for the country—a strong, capable intelligence community which provides the Nation with the information it needs to protect its national security interests.

To achieve these goals, a lion's share of the responsibility will go to men like Mr. Kerr, who has been selected by President Bush, along with Judge Webster, to lead the intelligence community. I look forward to your comments this morning, particularly with respect to the oversight process and how you expect to relate to it.

Senator COHEN. I'm not satisfied with the arrangement that has been left as far as the resolving of the issue of notification on covert actions. That was the subject of a bill that Senator Boren and myself introduced last year, S. 1721. It passed by a vote, as I recall, of 71 to 19. It was never taken up in the House. Speaker Wright for various reasons decided that he would make a gesture of good faith to the President and not introduce that measure at this time. That leaves it hanging in limbo as far as I am concerned. It seems to me that the bill requires that we have a time certain—48 hour period. My preference would have been not to go to legislation to mandate a specific time frame. But because of a Justice De-

partment interpretation that the law as written requires advance notice whenever possible, in extraordinary circumstances where advance notice cannot be given, then notification must be given in a timely fashion, the Justice Department, under the Reagan Administration, interpreted "timely notification" as meaning unfettered discretion. That is, whenever the President says it's timely, it is therefore timely. A day, a week, a month, possibly a year or longer. That simply is not acceptable. That cannot be an acceptable position for either the Administration to take or Congress to accept.

There are efforts underway to try and resolve this without the need to have legislation. If in fact we could return to the original understanding that existed at the time of the passage of the act, namely that there would be advance notice in almost every occasion, extraordinary cases, timely notification meant within one or two days and that was the interpretation which was given by the Administration, there would be no need for legislation. But in the absence of that kind of a firm commitment, it seems but we would have no choice, Mr. Chairman, but to re-introduce the measure and take it to the Floor for debate. That's something we can explore at a later time, and Mr. Kerr, I will not belabor the point at this time, but welcome you here and look forward to your proceedings this morning.

Chairman BOREN. Thank you very much, Senator Cohen.

Senator Glenn.

Senator GLENN. Just a very brief statement.

Mr. Chairman, I would ask that my complete statement be included in the record.

Chairman BOREN. Without objection, it will be included.

[The prepared statement of Senator Glenn follows:]

STATEMENT OF SENATOR JOHN GLENN

Mr. Chairman, I am pleased to be here this morning to participate in the confirmation hearing of Dick Kerr to be Deputy Director of Central Intelligence.

Since coming to the United States Senate I have made it a practice to call regularly upon the Central Intelligence Agency for briefings on classified matters. What I have found in my visits to Langley is that the CIA is one of the most important assets at the disposal of those of us who serve in the Congress.

Informed debate and discussion are at the heart of the legislative process, and whether I was looking for information on Soviet weapons design and development, space technology, or Third World chemical and biological warfare capabilities, there was always something for me there. Not that CIA could answer all of my questions or give me everything I needed; in the intelligence world there is never such a thing as having "enough" information about a given topic. We always need improvements in our capabilities to collect and interpret intelligence.

The position of Deputy Director of Central Intelligence—and I note the position is not just Deputy Director of the CIA—is vital to the smooth working of the US intelligence community. Out of the three largest components of the US intelligence community—Central Intelligence Agency, Defense Intelligence Agency, and National Security Agency—the Senate confirms only two positions: Director and Deputy Director of Central Intelligence. It is vital that we have strong, capable individuals in both of those jobs.

I met with Mr. Kerr recently for over an hour and was able to discuss with him in a less formal setting than this some of his thoughts about the role of Congressional oversight, need for improvements in the intelligence analysis process, and the possibility of conflict of interest within an agency like CIA that is responsible both for conducting covert operations and for assessing the degree of success or failure of those same operations.

I will be listening with great interest to Mr. Kerr's answers to the questions of my colleagues, and I will have a few for him myself when my time comes. Thank you, Mr. Chairman.

Senator GLENN. And I do have a couple of questions; they cannot be asked in open session. I would like to submit those by letter and retain the option of including them in the record once we get the reply back from the witness.

As you point out in your statement, we do live in a time of great change. It means that our intelligence gathering operations are more critical now than they would be in even normal times. And so that makes your appointment and the job that you'll be doing out there even more critical and I appreciate having the opportunity to welcome you this morning. I do have a conflict in scheduling so I will not be able to stay. But I will get the letter to you with my comments.

Thank you.

Chairman BOREN. Thank you very much, Senator Glenn.

Senator SPECTER. Thank you, Mr. Chairman. Just a word or two by way of an opening statement.

I would pick up on what Senator Cohen has said with respect to the need for additional legislation following what we learned in the Iran-Contra hearings. When Mr. Kerr was nice enough to come to my office for the customary courtesy call, he and I discussed a number of these subjects and when my time comes for questioning I would like to explore them further. Senator Cohen referred to the legislation which passed the Senate last year. I too had legislation in the 100th Congress and have reintroduced it in a modified form as Senate bill 145 for the 101st Congress. When Mr. Kerr and I discussed the Iran-Contra issue and whether that could constitute timely notice—I will come to this with Mr. Kerr and obviously do not want to put any words in his mouth during an opening statement—but we discussed the issue as to the adequacy of that kind of notification. And my own sense is that the Congress ought to revisit this issue.

Similarly, I believe that there is a need to go further on the issue of an Inspector General for CIA. I had legislation in the 100th Congress and some of that was incorporated into the authorization bill last year.

I would also think it appropriate to discuss with Mr. Kerr, when the questioning time comes, the provisions of S. 175 which I have introduced on reorganization to try to separate the positions of Director of National Intelligence from the Director of CIA so I think this session can have some utility to make the preliminary inquiry as to your positions on some of those issues which I think are important as we try to improve the quality of the oversight function of this Committee.

Thank you Mr. Chairman.

Chairman BOREN. Thank you very much, Senator Specter.

Senator Danforth, any opening comments?

Senator D'Amato?

Senator D'AMATO. Mr. Chairman I would like to submit a statement for the record.

Chairman BOREN. It will be received.

[The prepared statement of Senator D'Amato follows:]

PREPARED STATEMENT OF SENATOR ALFONSE D'AMATO

Mr. Chairman, I am pleased to join with you today in welcoming Mr. Richard Kerr. He appears today as the President's nominee for Deputy Director of Central Intelligence, a most important post.

I have reviewed Mr. Kerr's background and have had the pleasure of meeting with him in person. I believe he is well qualified for this position and I look forward to hearing his testimony this morning.

The United States faces unprecedented challenges as we approach the end of the 20th century. They range from verifying and enforcing arms reduction agreements to understanding and halting the international trade in illegal drugs. Our intelligence community stands in a leadership position in many of these areas.

During the Reagan administration, the first U.S.-Soviet agreement on security was the product of the Helsinki process. It produced what is called the CDE agreement, establishing confidence and security building measures in Europe west of the Urals.

Now the Vienna follow-up meeting of the Conference on Security and Cooperation in Europe has come to a successful conclusion. The concluding document contains two potentially major challenges for the intelligence community:

A mandate for the beginning in Vienna, on March 9, 1989 of the conventional armed forces in Europe, or "CFE" talks, aiming at the binding treaty reducing conventional armed forces on both sides of the Iron Curtain; and

A mandate for resumption of the CDE talks.

Before we can sign a conventional arms reduction treaty, we must be able to verify it and we must be able to enforce it. Enforcement is addressed in the terms of the treaty and in the political wills of the states that are party to it. Verification, however, is an intelligence issue.

Anyone who has ever been in the woods with a military organization knows how hard it is to keep track of a small number of personnel and vehicles. The problem of keeping track of entire divisions, and, indeed, armies of mobile land forces, not to mention wings of tactical aircraft, cannot be minimized. It is a technical challenge we must meet and solve before the Senate can, in good conscience, give its advice and consent to a conventional arms reduction treaty.

Additionally, the CDE talks will resume, also on March 9, seeking agreement on expanded confidence and security building measures. Those are likely to be as challenging to verify with assurance as arms reduction agreements.

Our intelligence capabilities face a far different set of challenges in supporting our anti-narcotics forces. Experts in the area say that the battle against illegal drugs, on the supply side, is a low-intensity conflict, like a guerilla war.

We have had our problems winning such conflicts in the past.

This one, we must not lose. The victims of illegal drugs are our children, our families, our friends, our communities. And the experts tell me that the single best predictor of success in antinarcotics operations is the availability of timely and accurate intelligence.

I look forward to working with Mr. Kerr, and the intelligence community, to ensure that such timely and accurate intelligence becomes the rule, instead of the exception, as we fight to make the President's pledge come true: "This scourge must stop."

Mr. Chairman, I look forward to the opportunity to discuss these concerns, among others, with the nominee.

Thank you.

Chairman BOREN. Senator Hatch?

Senator HATCH. Well, I'm happy to have this opportunity to welcome to the committee Mr. Kerr. I just want to tell you that knowing about you as I do and having chatted with you in my office, I'm a strong supporter and I look forward to supporting you on the floor. I really don't want to ask you any questions in open hearing.

Thank you Mr. Chairman.

Chairman BOREN. Thank you, Senator Hatch.

I would like to invite our two colleagues from Virginia to join the witness at the table and it's a great pleasure to have them with us. We are very pleased to have Mrs. Jan Kerr with us today. I welcome you to the hearings today and also your daughter, Meagan, and your daughter-in-law, Robin. We are very happy to have mem-

bers of the family with you today, Mr. Kerr. Let me say to the members of the family, you can take great pride in the service that this nominee has rendered to his country and we are very pleased that you could join us today.

The two Members of the Virginia Delegation are here with us our colleague on this Committee, Senator Warner, and our very valuable colleague, Senator Robb. Since Senator Warner is a member of this Committee, I will defer to him first for his opening comments in a spirit of bipartisanship. Senator Warner, we'd be glad to have any comments you would like to make about this nomination.

Senator WARNER. Mr. Chairman, I intend to stay for a few minutes and look forward to introducing this quintessential intelligence officer. My dear friend and colleague Senator Robb has a quorum to make, so I think I'll defer to him.

Chairman BOREN. All right, very well. Senator Robb, we welcome your comments about the nominee. We're very pleased to have you join us.

STATEMENT OF HON. CHARLES ROBB, A U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator ROBB. Thank you Mr. Chairman, Senator Cohen, other members of the Committee. I did not expect to begin the introduction at this point. I am used to yielding to my senior colleague not only on this Committee but in service to the United States Senate. But I'm pleased to be here with Dick Kerr this morning to recommend him to you.

I am very much aware of the fact that most of the members of the Committee have known Mr. Kerr over a long period of time and I suspect all have, as already indicated, a very high opinion of him and a high regard for him. My senior colleague will give you any essential details that might be needed for the record. I would simply say that I'm pleased that from his days as an early analyst back in the Cuban missile crisis, and I was deployed on one of the Men of War of our United States Navy at that time, so I was interested in his professional talents from that point all the way through his long and distinguished career with the Central Intelligence Agency. It's been one that I think would recommend him to this committee.

He's also shown the good sense to make his permanent residence on the Virginia side of the Potomac and in addition to his hobbies of tennis I understand sailing is a major hobby. And since we are all concerned about the Chesapeake Bay, knowing that he is out patrolling the Chesapeake on a regular basis in addition to his other superb qualifications makes it very easy to join my senior colleague in recommending him to you this morning.

Chairman BOREN. Thank you very much, Senator Robb.

Senator COHEN. I hope, Senator Robb, you'll continue to follow the leadership shown by the senior Senator from Virginia in other nominations as well. [General laughter.]

Senator ROBB. So far, Senator Cohen, I have an impeccable record.

Chairman BOREN. Now we've gotten into that subject, I think it's a good time for you to excuse yourself, Senator Robb.

Senator Warner.

STATEMENT BY SENATOR JOHN W. WARNER

Mr. Chairman, I am particularly delighted to present to this committee Mr. Richard Kerr, an outstanding intelligence officer, whom many of you already know.

I congratulate Dick on receiving the President's nomination to serve as the Deputy Director of Central Intelligence. Such a nomination is clear evidence of the trust which the President and his senior officials place in him.

This trust, I am confident, is the result of Dick's experience, performance, and qualities. Dick joined the Central Intelligence Agency in 1960 as an analyst. He worked hard, performed well, and grew through the ranks. Over the last 15 years, he has held a variety of senior level positions, both at CIA and on the intelligence community staff. Since early 1986, he has served as the deputy director for intelligence, the highest analytical position at CIA. He is also a member of the covert action review group.

Along with listing his experience, I want to point out some of Dick's accomplishments over the years. I know he is justifiably proud of them.

As a junior analyst in the early 1960's, Dick was directly involved in supporting our policymakers during the Cuban missile crisis. He prepared the daily current reports on the confrontation as well as the daily reports on the subsequent withdrawal of Soviet missiles from Cuba. I might add here that there are few intelligence analysts left whose careers spanned the Cuban missile crisis, the most serious confrontation of the post war era. Dick's performance and the experience he gained will serve him well when this Nation faces its next crisis, which it undoubtedly will.

During the 1970's, Dick, time and time again, performed in an outstanding manner. He lead a CIA planning group, the first of its kind, to insure that U.S. intelligence developed a major new collection program in a way that maximized satisfaction of consumer needs. The success of this effort is well-known within the intelligence community. Subsequently, he helped organize the intelligence community staff to maximize its effectiveness during a period when the staff was gaining new responsibilities.

In the 1980's, Dick initiated the daily briefings of senior administration officials to insure that they receive the best, most up-to-date information in order to make informed decisions.

Finally, throughout his career Dick has had a significant impact on community judgments presented in the national intelligence estimates.

Dick has received the National Intelligence Distinguished Service Medal in recognition for his contributions to the intelligence community. He has also received the Distingushed Intelligence Medal in recognition for his achievements at CIA.

Mr. Chairman, when I review Dick's experience and performance I can only characterize them by paraphrasing the great actor, John Houseman, "Mr. Kerr has reached the top the old fashion way—he has earned it."

I also wish to highlight Dick's qualities—and there are many. He is intelligent, thoughtful, honest, fair, experienced, well-rounded, and a hard worker. I could go on.

In sum, Dick Kerr's experience, performance, and qualities have equipped him to deal effectively with the critical issues and challenges which face the United States and the intelligence community in the decade of the 1990's. Without a doubt, he is well-qualified to assume the important and delicate position of the Deputy Director of Central Intelligence. I am fully confident that he will manage and represent the intelligence community well in this position, insuring the best possible support to policymakers in both the executive and legislative branches of Government.

And thus, Mr. Chairman, I present to you with great pleasure, Mr. Richard Kerr, an outstanding intelligence official, a devoted husband and father, a distinguished Virginian, and a fine American.

I thank the Chair.

STATEMENT OF HON. JOHN WARNER, A U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator WARNER. Thank you Mr. Chairman, Vice Chairman Senator Cohen and members of this Committee. It's a real privilege for me to be here next to this fine outstanding individual and to join

the Chairman and Vice Chairman in saying that his success in large part is due to his family, some of whom are with us today and, also, to his assistant, Sue Shift, who is also with us.

Thank you Mr. Chairman.

Dick, you're on your own.

Chairman BOREN. Thank you very much, Senator Warner, for those very fine words about the nominee, accurately reflecting his distinguished career and the respect with which he is held by his colleagues in the Intelligence Community. Senator Bradley, do you have some opening comments you'd like to make?

Senator BRADLEY. Thank you very much, Mr. Chairman.

I think we are considering a very important nomination today and I am particularly interested to know Mr. Kerr's plans to approach the future challenges to our intelligence community and challenges for our security policy.

I think that the key to that is being able to anticipate changes and I think that will require innovative and imaginative thinking. It will require the ability to recruit and to train and to retain a large number of highly trained experts. It will require an ability to see and meet the needs for verification of arms control treaties. In my view it will also be complicated by the budgetary times in which we live. I think that what we need in the 1990's from the intelligence community is not old thinking, but I think we need to begin to question some of our presumptions and we have to begin to ask ourselves if we are kind of cushioning for fear of delivering bad news.

I think this is particularly the case with regard to Soviet policy. I don't think we should miss opportunities nor overlook threats. But it will require, I believe, from the President and the Congress and certainly the Intelligence Community greater attention to projections for the future. And I think that that will be the key to our continued leadership and also effectiveness of allied security policies. If I look at the last several years, I see a number of surprises that have hit us with regard to the Soviets. Who predicted the proposal at Reykjavik? Who predicted that the Soviets would go to a double zero in the INF? Who predicted that there would be a proposal from Gorbachev for unilateral reductions of conventional forces?

There are gaps in the way we have approached our intelligence policy. I think it is absolutely essential that we be protected from surprises and I would put here, not only from the Soviet Union, but over the next four to eight years and beyond in the area of Japan, Mexico, Eastern Europe and Central America.

So I will be very interested in learning how Mr. Kerr will advise the Intelligence Community to structure its operations so that we will not have the kind of surprises and so that we will not just have facts, but that we will be able to anticipate change effectively to formulate policy to meet that change.

Chairman BOREN. Thank you very much, Senator Bradley.

If our nominee will rise to be sworn and raise your right hand? Do you solemnly swear that the testimony that you are about to give is the truth, the whole truth and nothing but the truth?

Mr. KERR. I do.

Chairman BOREN. Thank you very much. Mr. Kerr, we will be happy to receive any opening remarks from you at this time that you'd like to make.

STATEMENT OF RICHARD KERR

Mr. KERR. Thank you Senator Boren. Mr. Chairman, Mr. Vice Chairman. I'm impressed by the opening statements that I've heard and I'm looking forward to the exchange of views not only here but I'm also looking forward to an exchange of views on some of the subjects that you've raised. Because those are provocative. There are no easy answers to many of those questions.

But I would also like to thank Senator Warner and Senator Robb for their kind remarks. And I would like the opportunity to have an opening statement that I hope will at least lay some of the groundwork for questions that might be asked.

I am honored to appear before you to discuss my nomination by President Bush to become Deputy Director of Central Intelligence.

I am a career professional. I consider myself an intelligence officer. I have concentrated on intelligence analysis, but I have also held positions that have given me considerable knowledge of the Intelligence Community and knowledge in a variety of key areas: including technical collection, covert action, personnel, and security. I believe this wide experience will serve me well in carrying out the duties of Deputy Director of Central Intelligence should the Senate confirm me.

And I agree, as several people have mentioned, that this job is an important one and particularly important in the years to come.

I began my work at CIA, as Senator Warner indicated, in 1960 as a political-military analyst, focusing early on on the Cuban missile crisis and on Soviet strategic weapons systems. I served as Deputy Director of several offices within the Directorate of Intelligence responsible for regional and political analysis worldwide. And for intelligence analysis in East Asia, and for the production of current intelligence.

For a seven year period during the 1970s, I gained a great deal of valuable experience and a wider perspective on the intelligence business through assignments with the Intelligence Community. I was involved in tasking—the tasking business, the development of collection systems and the exploitation of our overhead collection systems. I was the Executive Officer to the Director of the Intelligence Community Staff. John McMahon at that time was acting as the head of that staff. I think that time on that Staff gave me an opportunity to get some sense of the key issues, the resources of the Community itself, of collection programs and of the contribution that the wide range of intelligence organizations make to the intelligence business. In a sense the Intelligence Community. The services: NSA, DIA, INR and others.

It has also given me some appreciation for the competing demands for resources, and I think that will stand me in good stead when we are going to have increasing competition for those resources.

My involvement with and appreciation for Intelligence Community equities continued when I became the Associate Deputy Direc-

tor for Intelligence. In that capacity, I chaired the Intelligence Producers Group, a council that looked at problems of intelligence production and the quality of intelligence reporting and the needs to support intelligence-producing components. I also served on the National Foreign Intelligence Council, an interagency group that makes decisions on resource allocation for the community as a whole.

In December 1985, I was named the Deputy Director for Administration. In that job I was responsible for the Agency's Office of Security, Office of Personnel, Office of Communications, Office of Logistics, and while I served in that position for a relatively short time, I got a fire hose treatment and dose of what it means to be on the other side of this business in the support role. And I think I was exposed to a variety of key issues.

In April 1986, I assumed my current position as Deputy Director for Intelligence. As Deputy Director for Intelligence I oversee for the Director all the production of CIA's finished intelligence, including that going to the President of the United States, to other key consumers, and I represented the Director of Central Intelligence on the Policy Review Group of the National Security Council. This was an inter-agency group that was composed of senior sub-cabinet level officials that make foreign policy recommendations to the President and to the National Security Council. My role in that group was to provide the best intelligence that the Intelligence Community has on a particular issue so that informed decisions could be made.

The provisions of timely, accurate, and objective information to our policymakers so that they can make informed decisions is in my view the most important function of the CIA and the Intelligence Community. We are not policymakers. Our role is to provide policymakers with unbiased intelligence, even if that intelligence does not support the policy being advocated, or even the policy that has been adopted. Throughout my career at CIA I have adhered to that belief, and I can assure that as the Deputy Director of Central Intelligence, I will continue to subscribe to that view.

When I joined CIA in 1960, Mr. Chairman, we did not have the extensive system of Congressional oversight of intelligence activities that exists today. And you have described those eloquently in your statement. I believe that establishment of Intelligence Committees to oversee the activities of CIA and the rest of the Intelligence Community has been a necessary and a positive development.

Congressional oversight has not been without its problems and its difficult moments and my assumption is that there will be problems and difficult moments in the future. But it assures the American people that activities that must be conducted in secret are being reviewed by their elected representatives, and also being carried out in a lawful manner.

Congressional oversight also provides valuable protection to the intelligence agencies and support to those agencies. Without the support of the Intelligence Committees, as well as the President, the CIA and the rest of the Intelligence Community would not have obtained significant and badly needed expansion of manpower and funds that they did receive during the 1980s. This buildup of

resources gave us the critical collection and analytical capabilities needed to meet the growing challenges we face today in such areas as arms control, terrorism, narcotics and unfortunately one can go on and on with that list. The Intelligence Committees have been in the lead in budgeting additional resources for technical collection systems that will be critical for the monitoring of arms control treaties yet to be negotiated. We have had good support.

For the intelligence oversight process to continue to work effectively, it is vital that there be confidence and trust between the Intelligence Community and Members and staffs of the Intelligence Committees. Members must have confidence that they are receiving complete and candid answers, and that the intelligence professionals are telling them the full story and not holding back information.

On the other side intelligence professionals must have confidence that Members and staff will respect the confidentiality of the information they receive. Director Webster has recognized the importance of trust in the Congressional oversight process by issuing some guidelines for Congressional testimony that emphasize the need for complete and candid answers. And I think those guidelines are being followed and will be followed. He emphasized them and I will as well.

I want you to know that I share those views on this subject, and I have attempted to follow them in my own testimony before Congress. During the last several years, I or my Deputy have regularly provided weekly intelligence briefings to the House Intelligence Committee. I believe our presentations have always been direct and responsive, and when there have been uncertainties regarding our knowledge, we have honestly pointed those out or tried to point them out to the best of our knowledge—our ability. I have also had the opportunity to appear before this Committee, although not on a regular basis, and in those appearances I followed the same policy of openness. And it is a policy that I would continue to follow.

My views on the relationship between Congress and the Intelligence Community would not be complete without a discussion of covert action, a subject that has always been controversial. As Deputy Director for Intelligence, I am a member of the Covert Action Review Group in CIA. This group, composed of senior Agency officials, reviews all covert action proposals before they are sent to the White House. We assure, among other things, that any proposed action is consistent with US foreign policy and with US law. We assess possible risk and the prospects for success. And we ask whether the proposal will make sense to the American people if it is disclosed. This group regularly monitors ongoing covert actions and makes recommendations to the Director on whether individual covert action should be continued.

From my experience with and perspective on covert action, I am convinced there is one key ingredient for the success of any covert action program and that is bipartisan support in Congress. To obtain such support, it is necsssary to keep Intelligence Committees fully and currently informed on such activities. The law provides for this and we do this.

Mr. Chairman, as we approach the last decade of the 20th Century, we are faced with a number of critical substantive intelligence

issues that require our attention and resources. The Soviet Union is attempting extraordinary and unprecedented change. It will be vital to have timely and accurate information and intelligence on the impact of Gorbachev's reforms on Soviet domestic and foreign policy. We also must analyze closely European and other foreign reaction to the ongoing stream of new Soviet policy initiatives.

Arms control will obviously be a key issue, as our ability to monitor the numbers, deployments, and capabilities of Soviet strategic forces may be the critical factor in determining whether the U.S. can reach another historic arms control treaty with the Soviets. There is also a need to monitor such critical developments as continuing Third World debt and instability and the emergence of Asia as a economic powerhouse that could cause a much greater imbalance of trade and technology development in the next decade and century.

There are key management issues in the Intelligence Community that must be addressed in the future. We need to examine how to fund new technical collection systems necessary for arms control verification. A more focused and better coordinated effort against narcotics traffickers needs to be established within the Intelligence Community and the support mechanism between the Intelligence Community and the drug enforcement agencies must be improved. The counterintelligence threat continues to grow, and we must build upon improvements already made in security and counterintelligence if we are to be successful in defeating the challenge posed by hostile intelligence services. The challenges posed by the proliferation of chemical and biological warfare capabilities, illegal technology transfer and by international terrorism are as great as ever and in some cases growing. While we have done a good deal in the last several years to bring manpower and resources to bear on these problems, we need to do more.

Mr. Chairman, I look forward to working with the Intelligence Committees of Congress as we attack these critical intelligence problems. I am convinced that only by working together, and in a bipartisan fashion, can we succeed in meeting the threats and exploiting the opportunities that lie before us.

And I would be pleased to answer any questions that you have.

Chairman BOREN. Thank you very much, Mr. Kerr. We appreciate your remarks and certainly find ourselves in agreement with many of the comments that you have made. We appreciate the strong statements of support in regard to the oversight process.

We will go in rounds of ten-minute questioning. As you saw, the clock is not working accurately. So I'll ask the Clerk of the Committee to notify members by giving them a two-minute warning card. The Chair will hold himself within that framework as well.

I have just a few questions to begin. Let me ask about your understanding of the legal requirement for sharing information with the Committee. Are there any categories of information held by the Intelligence Community that could not be shared in some manner with the oversight committees?

Mr. KERR. I think the only issue there becomes one of the details of particular sources and names of sources. And it seems to me that for the most part, as we have worked in the past on this particular issue, it is possible to figure out a way to provide the an-

swers to the questions that you are concerned about, which is the nature and the competence of our intelligence, sources of our analysis and the basis of our judgments. And it seems to me that is a relatively easy problem to work for the most part.

Chairman BOREN. I appreciate that and, of course, we are sensitive to not having sources and methods disclosed. But very often, this can be handled by giving us the substance of the information obtained without divulging the actual identify, for example, of sources.

Can you imagine any circumstance in which you could not answer a question from Members of this Committee, meeting with you, in a completely truthful fashion?

Mr. KERR. No, I don't see any circumstance in which I could not tell you the truth. There are times when I think it is appropriate for someone, for instance in my particular position in the intelligence business, to say that it is not appropriate to discuss an issue that is ongoing in the policy development. But in terms of substance, in terms of information, there is no information that I could see where I could not be truthful. And then I would be very explicit. It seems to me if I were uncertain about that, I would describe that uncertainty with you and track that problem down.

Chairman BOREN. In other words, if you felt there was something you were not sure that you had the latitude to answer or information that you are not sure you had the authority to provide, you would notify the Committee or you would state to the Committe that it was your feeling that you could not proceed further at this point?

Mr. KERR. That is exactly right. And I can't imagine, quite honestly, the circumstances that you are describing. But that would be—if they did come up, that would be my approach, to say that I would have to come back, consult with the Director and others and get back. But I would not—I would not tell you something that was not true.

Chairman BOREN. What if you received a direct order—and we certainly would not anticipate this occurring with this Director or with this President or his Administration—what if you received a direct order from higher authorities to either deliberately withhold information from the Committee or to mislead the Committee. What would be your reaction to that instruction?

Mr. KERR. Well, the latter is unacceptable direction, to mislead. I wouldn't take instruction from anybody from any quarter to mislead people consciously.

In terms of withholding, again, it seems to me that that is very much a question of what the circumstances are on that. And again, if I were ordered to do that, I would so tell you that I was instructed not to do that and ask you to talk to my masters.

Chairman BOREN. I appreciate that answer.

In a related vein, I noticed a statement attributed to you in the New York Times of April 10 last year. The article was about drug trafficking and the problem the United States is having coping with it. The article mentioned the problems the Intelligence Community has in collecting information on the problem itself, without becoming tainted by the connection with individuals involved in it. Obviously, in trying to get information you are not dealing with

the most upstanding people in terms of their reputations and character in many cases; the case on General Noreiga was discussed at some length. And in any case, you were quoted in the article as follows. "If you knew an agent was a major trafficker or involved in a major shipment, you could not sit on that. If you knew that he had taken major money to turn his eyes to the side to let something go through, then you are involved in a judgment call. My guess is that you would weigh it and you might not report it." I wonder if this is an accurate quote. Are you saying that the requirements to report suspected illegal activities, which course is the law, by agents—bribes in this case—would permit CIA discretion in these circumstances. I wonder if you believe the requirements to report illegal activities need to be clarified, if we are dealing with illegal activities by assets, let us say by people who have been trained by the agency and/or might have a financial relationship with the agency. Is there responsibility to report these activities?

Mr. KERR. I don't think—first of all, that is an inaccurate quote. We do have a responsibility to report illegal activities.

And what I was trying to describe to the—and we were talking off the record to a reporter at that time about narcotics, something that I am not terribly comfortable with doing, I will say——

Senator COHEN. What do you mean, talking with reporters, or off the record?

Mr. KERR. Talking to reporters period. Or open session I might add.

The point was that we are obligated to provide intelligence to law enforcement organizations when the law is violated. There is a point, there is a judgment, when the national security interests, for example high priority intelligence collection, outweigh the legal problems. We can continue to operate in such situations, but only with the concurrence with law enforcement authorities, and according to agreed procedure. And there are some very detailed procedures for how to do that. That is the situation that I was trying to describe.

That is one of the problems I believe that the Central Intelligence Agency, intelligence organizations generally have, when we are trying to work in the narcotics business. It is difficult to recruit people in that particular business, to then have them involved in major illegal activity, which you then have to report, and also try to use them as sources for continuing knowledge about narcotics business. And that is the dilemma, I think that intelligence organizations face.

In some degree that is a difference between how a DEA, the drug enforcement agency works and how CIA looks at its assets. We tend to look at our assets as long term investments to provide information over a long period of time on an activity. It is very difficult to do that in the context of drug operations. I think DEA tends to look at them in the shorter term in terms of immediate law enforcement. So there is a dilemma. There are procedures and laws and other directives, and Executive Order, there are a variety of ways to work that problem and we do follow them. We know how to do that. It just makes it very difficult.

Chairman BOREN. Would you feel an obligation to let the Committee know if there was relationship with individuals or groups

that, because of the scope of their own illegal activity, could bring disrepute on the government of the United States were these matters to become public.

Mr. KERR. It seems to me that that would be wise to do that and that it would be smart to involve—give the Committee some understanding of that particular kind of operation given the potential for some kind of difficulty. And I think that would fall into the general provisions of notifications of significant activity.

Chairman BOREN. As to our own agents if involved in illegal activity, I take it that you would find no exception to the responsibilty to report illegal activities by members of our own intelligence service to the community and to the responsible authorities within the Executive branch.

Mr. KERR. No. No.

Chairman BOREN. What is your understanding of the legal requirement in terms of reporting covert action Findings to Congress within a timely manner. Can you imagine any circumstance—this was a question which we posed to your predecessor, Mr. Gates—can you imagine any circumstance where such findings could not be reported to the Committee within a mater of several days?

Mr. KERR. I find it difficult to imagine that and it seems to me that the President's directive itself is rather explicit and I think Senator Cohen described it as extraordinary, an extraordinary case. It requires review on a regular basis to examine justification for lack of notification. It seems to me that it is difficult, I can imagine certain--a case where a foreign government might request that notification not be provided, but it seems to me that it is rather difficult to think of very many circumstances under which that would occur. And I think the President's directive itself is rather explicit in terms of its commitment for timely notification and for notification—prior notification except in the extraordinary cases. And I would say that the ten day—for instance the ten day review by the National Security Council, anybody who has worked in Washington for any period of time, knows that if you had to bring to that group every ten days a discussion of the subject of that controversy, it would not be long before it would be resolved quickly. It is such a difficult process.

Chairman BOREN. Let me ask one last question--my time is almost up—getting into the area of covert actions which have a paramilitary component. Any time we turn to the use of covert action, we have to weigh the possibilities for success, the upside against the downside, the jeopardy that the country is placed in if this action becomes public knowledge or if it goes awry. What do you believe to be the liabilities for any agency in conducting large paramilitary operations of a covert nature over a protracted period of time?

Mr. KERR. I think it is very hard to generalize about those. I mean there are some that one can--in fact, there are some that one can give examples to right now that are very large and have been very successful. And have bipartisan support. And have done what they were supposed to do. I think the key is bipartisan support. The key is consistency in the policy and consistency in the covert action itself and a clear understanding of the policy objectives to start off with.

Chairman BOREN. So you would say that one of the prime factors would be the degree of unity of support in the country, and in the Committees and in the Congress for such operations; that the less support, the more division you have on a paramilitary matter, the less likely it has a chance to succeed.

Mr. KERR. There is no question that the more divisiveness within the government, particularly between the Executive and the Congress, the less likely that an effective large covert action program could be carried out.

Chairman BOREN. There have been those who have suggested if the Agency were to ever be involved in the future in any covert action that had a paramilitary component, that the paramilitary component of that action should be carried out perhaps by the Defense Department or some other agency rather than the CIA, which is principally an intelligence gathering organization. How would you react to that suggestion?

Mr. KERR. I don't think that is a very good suggestion personally. I think that the military has not demonstrated its capability to carry out relatively small operations of this kind, particularly those using third countries, for instance. Quite often the countries involved do not want the U.S. military involved. So I think that the combination of events make it almost impossible for the U.S. military to be involved. Even if they could be effective in a particular activity, I think that the countries involved would be very reluctant to see them involved.

Chairman BOREN. Thank you very much.

Senator Cohen?

Senator COHEN. Mr. Kerr, on page seven of your opening statement, you indicate you are part of the group that reviews covert actions before they are sent to the White House to make sure it is consistent with U.S. foreign policy, U.S. law, assess the risk and prospects for success, and that it will make sense to the American people.

Was that done on the Iran-Contra finding?

Mr. KERR. No. It was not. That was—that process was set in place after that.

Senator COHEN. So it was only after that exposure that this group of review was set in place?

Mr. KERR. Yes.

Senator COHEN. Prior to that time, what was the process?

Mr. KERR. The process before that time, and I was not in a position to be involved then, but the process before that time was to send a covert action finding to individuals, officers, including the DDI. But no collegial meeting was held in which those issues were discussed and there was not a systematic review of those factors. That was something that was placed in being afterwards.

Senator COHEN. Is it your judgment that the creation of that so-called off-the-shelf, stand alone, self-sustaining covert capability was inconsistent with our policy?

Mr. KERR. I'm sorry, I don't——

Senator COHEN. What Colonel North referred to as the creation of that off-the-shelf enterprise. Is that consistent with U.S. policy so that future activities could be carried out without the need for Congressional oversight?

Mr. KERR. It's inconsistent with the whole set of rules and regulations, internal and external procedures that are established and were established at the time it was initiated.

Senator COHEN. And am I correct that it would violate fundamental notions, tenets or procedures of using funds from one covert action to fund something other than that particular covert action?

Mr. KERR. Yes, you are right.

Senator COHEN. Can you envision a circumstance where it would be necessary for you to ever withhold information or destroy evidence of a covert action?

Mr. KERR. No, I can't.

Senator COHEN. What is exactly your——

Mr. KERR. Except the one exception, and again it would be to withhold information. There is, under the current—as I understand it, the President has the authority, at least asserts the authority at the present time, to not notify a prior notification. And that, I would obviously be bound by the President.

Senator COHEN. I agree with that.

What role do you see Congress playing in terms of its oversight on Congressional covert actions? You mentioned the word positive constructive influence. What is that constructive positive role that the Congressional Oversight Committees play?

Mr. KERR. I think the Committee can do what it now does—examine what the premise of—the foreign policy premise. What are we trying to do? And examine whether or not the covert action that is being proposed, in your judgment, is consistent with that premise. And then to assess whether or not there are risks. And to ask the Intelligence Community or CIA to examine those risks in a fair amount of detail, and the risk of exposure.

Senator COHEN. In other words, it is precisely the same role that the current group that you serve on plays right now, described on page seven that we determine whether it's consistent with U.S. foreign policy, U.S. law, assess the risks, prospects for success, ask whether it makes sense to the American people. That basically is the role you see Congress playing as well, the Congressional Oversight Committees.

Mr. KERR. I think those are quite legitimate roles in that process.

Senator COHEN. The question then becomes how does Congress carry this function out if we do not receive notice of the action prior to its being implemented?

Mr. KERR. I'm sorry?

Senator COHEN. How do we carry out that particular function if we don't have any notice prior to the action actually being implemented or indeed completed?

Mr. KERR. Well, again, I would go back. Clearly, there is a problem in that in terms of—in the issue that you are describing on prior notification. But it seems to me that what has been described in terms of the President's Directive and as I understand the issue of extraordinary cases, and given the record itself——

Senator COHEN. Iran Contra was an extraordinary case.

Mr. KERR. That's true. That's true. But it was not—it was one that did not stay even within the rules that were established at that time, as I understand.

Senator COHEN. What were the rules at that time it did not stay within?

Mr. KERR. Well, first of all, it was run—it looks to me, based on my knowledge of it, that a whole series of things were run primarily out of an organization that's not—that is not and has generally not been accepted to be an organization that should be involved in covert action. It was run with some transfer of funds and some activities that are not—it would certainly not fit the current ground rules that we have or that exist.

And so it seems to me that what we are talking about today is a set of rules that are rather explicit and rather detailed in terms of what should be done, how the process should work, and that provide constraints to covert actions.

Senator COHEN. Let me tell you what my problem basically is. On the one hand, you have said, as Bob Gates and Judge Webster said before you, that it would be difficult for you to imagine where notice would not be given to the two Oversight Committees. I recall Judge Webster making the identical statement in his confirmation proceedings. I also recall shortly thereafter Judge Webster saying there may be circumstances in which notice should also be withheld. And we are sort of left in the chasm in between in terms of where it's difficult to imagine and then finding out there are circumstances where it is quite conceivable that notice should be withheld.

You cited, for example, a foreign government might object to notifying Congress. What is your opinion about a foreign government saying I will participate in this particular activity provided you give no notice to the Oversight Committees until such time as the action is completed?

Mr. KERR. I would think that would have to be a decision ultimately that would have to be made by the President as to whether that decision outweighed his commitment for notification of Congress and involvement of Congress in a bipartisan activity.

And I think there you are so dependent on such a precise kind of scenario that you'd have to develop that I have a hard time describing that in detail.

Senator COHEN. Well, let me give you the scenario. A foreign government says that we are perfectly willing to help you on this particular covert activity, but we're concerned about notice being spread to too large a group. We want it confined strictly within the White House and the CIA and the NSC and no notice to those prima donnas up on Capitol Hill who have a penchant for leaking information to the press.

We will not cooperate under any circumstances if there's even a word breathed to the Chairman, Vice Chairman of either House of the Committees. What would the circumstance be?

Now the President takes into account, well this is an extraordinary circumstance in which I reserve for myself the right not to notify the two Members of the Committees, if not the full Committees, and that I will withhold judgment on a ten day by ten day review process. Is that what we're left with in those kinds of circumstances?

Mr. KERR. I think one would then have to go back—I think before the President would—it's difficult for me to speak for the

President, for the Executive in this case. It seems to me that the situation would have to be compelling—that it would have to involve serious risks, such risks of prior notification in terms of secrecy. It would have to be so sensitive and so important and so—I'll put in the word extraordinary again, that it seems to me it's difficult to imagine precisely the circumstances under which the President would make such a decision.

Senator COHEN. I could go back and make the case again, that the President of the United States says I'm trying to get the hostages out of Lebanon and this is so sensitive. We're dealing with people who are in very dangerous situations, playing in a very volatile region that the risks are high, the chances are slim, and we can't afford a potential leak of any sort. Therefore, I am withholding notice to Members of Congress.

Now, would that be a kind of scenario in which a President could invoke?

Mr. KERR. It's possible. I can't, again, it's very difficult for me to——

Senator COHEN. But I'm saying that even under the existing understanding.

Mr. KERR. It's possible.

Senator COHEN. I guess I have two minutes to go so I have to shift topics here for a moment.

I'm interested in liaison relationships. You, in your discussions with Senator Boren, talked about sources and methods. One subject that has always been of interest to me is the kind of relationships that intelligence services maintain with each other.

The question I have, for example, can an intelligence service carry on a relationship with a foreign intelligence service without some underlying finding? Some kind of a legal basis for defining the parameters under which a foreign intelligence service can carry out an action on behalf of our government in return for, let's say, future cooperation from us. Sort of like corresponding banks. You know where you have a bank in another state that will undertake to loan money and give a mortgage in return for some implied relationship that in the future we will do the same for them.

Mr. KERR. My understanding is that that is not—that is prohibited, to essentially circumvent——

Senator COHEN. It has nothing to do with circumventing, it's just a nice loose relationship——

Mr. KERR. On a promise of——

Senator COHEN. No, not even a promise. It's an understanding. It's a way in which intelligence services may cooperate with one another. We help them, they help us. And I'm just wondering because this is sort of verboten. This is a subject matter which the Intelligence Committees have never gotten into before. We have never discussed it. Whenever it comes up, it's called a liaison relationship and off limits for you to understand. It goes beyond even the sources and methods as something that we simply are not allowed to have, in my judgment, have an understanding about.

But I guess I don't have time in two minutes to pursue it, so I'll just leave it as a question and perhaps explore it with you later.

Just as a final point, Mr. Kerr. I agree with what you said in your statement about the need for candor and establishing a trust

relationship between the Congress and the Executive branch especially between the Agency and this Committee.

There is a tendency within the Agency, and I think I understand the mentality, never to volunteer information. That has been a persistent problem over the years that I have been on the Committee. The old statement about you don't ask the right question, you don't get the right answer. And we've been through that on so many, many occasions. And I would hope and I believe this to be the case in terms of our relationship with you, it has been the case that we need not always have to ask the right question in order to get the specific answer. That if we're dealing in an area in which it's reasonable to assume that we have a legitimate inquiry, that the information would be shared, not on a strict Jesuit like basis of questions and answers with specificities, but rather a general sharing of the information and volunteering so that we have a better appreciation of exactly what's involved. And that way we don't have a misunderstanding later saying, wait a minute, you didn't tell us about this and now we have some serious doubts about credibility because the most important thing that we have to exchange in addition to information is credibility.

Mr. KERR. That's a fair comment. And, if I may, if I can comment on that?

Senator COHEN. Please.

Mr. KERR. I think it's quite a legitimate request from your perspective that you not have to figure out all the questions and kind of trick us into giving you the answer. And we will try to be forthcoming.

On the other side, I would also ask, however, that one of the things that creates a little bit of this atmosphere is that a lot of our relationships and lot of our discussions tend to be on problems and on the areas where there are confrontations. And one of the things that would help, I think in this regard, is that the Committee focus at times on what works well and why does it work and where are things going well and how do you reinforce success, would also get the organization to be forthcoming. Because when the relationship is primarily one of, if you will, confrontation in the context of oversight, I think that tends to create that attitude. So I think if there is a blend of what does work as opposed to just looking at what goes wrong, I think that attitude will change a bit.

Senator COHEN. I think you've seen that attitude——

Mr. KERR. Yes, I have.

Senator COHEN. In the past several years. Thank you.

Chairman BOREN. Thank you very much, Senator Cohen.

Senator Danforth?

Senator DANFORTH. Mr. Chairman, thank you.

Mr. Kerr, I'm just going to ask you one question. And Im, going to give you a long wind up and a very slow pitch, and then ask you for your response.

There was a poll in the Washington Post just a few days ago and almost half of the people who answered that poll said that, in their opinion, Japan is more of a threat to the United States than the Soviet Union. Two comments struck me in your opening statement. First, you said the provision of timely, accurate, and objective information to our policymakers so that they can make informed de-

cisions, is, in my view, the most important function of the CIA and the Intelligence Community.

And then you said, I'm leaving out a few words in the middle of this sentence, there is also a need to monitor such critical developments as the emergence of Asia as an economic powerhouse that could cause a much greater imbalance of trade and technology development in the next decade and century.

Now, the specific thing that prompts this concern in my mind is the FSX transaction, but that is really simply indicative of what is a broader concern.

In my judgment, economic relations are very important. They do affect the future of this country. A lot of us have the view that Japan, Incorporated, has this totally together view of itself. There is a strong relationship between government, the private sector, industrial policy, the targeting of industries. Most of us in the United States don't want to go in that direction as a matter of policy with government picking winners and losers. And yet, my judgment is that as far as policy making goes, we really fly by the seat of our pants in the United States on economic questions. The FSX transaction is pretty much a fait accompli by the time it will be before Congress. We have not given consideration to the fundamental issue of whether or not the Japanese are developing an indigenous aero space industry. How competitive is that industry going to be? What is the effect of the technology transfer going to be on the development of that industry.

Telecommunications is another key aspect of the future of our economy. We really did not consider, as a matter of policy, the effect of deregulation and dismantling of AT&T when we did that. We didn't consider the effect of that on international trade and the future of telecommunications with respect to our trading partners.

The big issue now is high definition television, HDTV. Again, a lot of people think that the decisions relating to HDTV that are made within the United States and abroad are going to have a major effect on the future of our economy. Yet very little discussion or debate is taking place in any public forum.

And my question is what role does the CIA analysis or should the CIA analysis play in economic decisionmaking? What role should this Committee play in economic decisionmaking? Where, if anywhere has there been a breakdown in the past so that the kind of policy debate that should be taking place is not taking place? And what should we do about it?

It is of personal interest to me if somebody briefs me in a secure room about, say, the FSX. But I'm not sure how that relates to any policy that we're supposed to be doing or any discussions. So as I say, it's one question, a really long wind up and an expression of my concern.

Senator COHEN. The Senator's time has expired. [General laughter.]

Mr. KERR. I'm also thinking of an answer while I am drinking.

The question you pose from an—just looking at it strictly from an intelligence perspective is a very difficult one in that we do economic intelligence.

And on the specific issues that you talked about we have provided a good deal of understanding and analysis on those particular

issues, including the FSX. And that has been available in the process. We spend a good deal of time trying to understand what the economic issues are and how to structure intelligence to help policymakers think not only about the tactical problems but about the longer term problems.

One of the difficulties is, of course, to bring that intelligence to bear on policy itself. Because unlike some of our competitors, our economic policy is not as integral to the industrial base and to the major organizations involved in the business of trade as it is in those countries.

In many countries, the government and major corporations are consistently in contact. They deal with one another using intelligence. They provide intelligence support to companies. They share information. They nurture industries and then trim them out so the stronger survive. They do things that we do not and have not done in this country. And perhaps are unwilling to do.

We have not found, I don't believe, an effective—a truly effective way of trying to understand how to move—to provide intelligence in a more operational way into the economic area because of the real problems of how do you provide intelligence, who do you give it to except to Commerce or except to a government organization. It's very difficult and have a filter through which you pass information. Because in our system it is very difficult to pick and choose which companies get advantaged or disadvantaged by the provision of that information.

That is not a problem for many countries. We've done a good job and a good deal of useful intelligence analysis in the economic area with regards to Asia. The trends, looking ahead into the future. Not nearly as much as we should or probably could do. And we'll continue to work that area very aggressively trying to call to the policymaker's attention trends and activities that we are concerned about or areas of opportunities that we think might be missed.

I don't know what else I—beyond that what else I really can describe to you in terms of our specific activities in an open——

Senator DANFORTH. I appreciate your answer. It seems to me there has to be some thought given to what your Agency knows is transmitted to the Congress in a way that is useful to us. If it is whispered into the ear of people in a back room, I don't think it's going to be very useful from a standpoint of decision making.

On the other hand, if there is some means by which we can get a better understanding of economic trends for various parts of the world, I think that that would be very helpful in the national debate on what we're supposed to do.

Chairman BOREN. Thank you, Senator Danforth.

Senator Specter?

Senator SPECTER. Thank you, Mr. Chairman.

Mr. Kerr, following up on the items that I referred to in my opening statement and the informal session which you and I had in my office, the so-called courtesy call, I would like to discuss with you briefly three bills which I have introduced.

The first one is the National Intelligence Reorganization Act which would seek to separate the Director of National Intelligence from the CIA Director. The purpose is put squarely by former Secretary of State Shultz testifying on the Iran-Contra matter where

he said, referring to U.S. intelligence, one is, quote, "the importance of separating the function of gathering and analyzing intelligence from the function of developing and carrying out policy. If the two things are mixed together it is too tempting to have your analysis and selection of information that is presented favor the policy you are advocating," close quote.

This legislation was introduced in the 100th Congress as Senate Bill 1820. The views of Clark Clifford were solicited and he commented that—and this appears in the January 25th, 1989 Congressional Record, 127—quote, "I support the overall conception of the legislation." He goes on in the letter which is printed there to specify some changes which he favors. His recommendations are being included in the more recent legislation in this Congress. And I would ask for your general view of the desirability and public policy of separating out those two functions.

Mr. KERR. I think I understand the objectives that you are seeking. I read your draft legislation rather carefully and the preamble to it, a kind of statement of objectives. It has been an argument that has been going on within the intelligence community itself and within CIA for as long as I have been there. And the pros and cons of it are reasonably obvious. I guess the concern I would have in a national authority is that the separation of the head of intelligence from his soldiers, from the people who support him, from his troops, from an organization that provides him the base for his undertanding of issues and his direct ability to task and his involvement not only to task but to control activity. This separation would seem to be to make him little more than a manager of the longer term resources and goals and objectives, and might well relegate that person to very much of a kind of titular head without in fact clout over the day to day running of an organization. My experience as a manager of organizations is that people that do not control line organizations do not have authority in this government to make things happen.

Senator SPECTER. Well, why should that be the case any more than the President, for example, being curtailed in his authority by not having troops under him? If you have a Director of National Intelligence and he has statutory authority over every intelligence gathering agency including the CIA, Naval Intelligence, Defense Intelligence he has the same authority just like the President has authority over all the Cabinet Officers. Although the troops are not under his roof, if he picks up the phone and says I want this done, then that is that. Why should the separation from the troops really impede his ability to carry out a mission?

Mr. KERR. Because some of those organizations that you describe, in effect, are embedded in other organizations as line organizations within Defense, for instance. So they have line responsibilities within the Defense organizations already. To then make him one step removed from, say, the current position of the DCI today, keep those organizations still embedded in the line organizations in Defense, seems to me to make him less and less effective and less and less directly involved.

Senator SPECTER. Is the DCI today ineffective in carrying out his responsibility as the head of the national intelligence community? He has responsibilities to supervise in a sense all the other intelli-

gence gathering agencies. I understand what you are saying about him wanting an entrenched bureaucracy. Let me back up and ask you if Judge Webster is unable to carry out his functions over intelligence gathering and other bureaus of the government?

Mr. KERR. No. But I think his functions are rather explicit and rather limited in terms of his responsibilities in the national community. For instance you used the word supervise, and I think that is a word, for instance, he would not use nor would an NSA, nor would a DIA, or other organizations acknowledge.

Senator SPECTER. What word would you choose?

Mr. KERR. What he does have is responsibility for resources and judgments about the resources and those are how to allocate resources, he does have responsibilities for sources and methods, he has responsibilities for such issues as counterintelligence. But those are not line responsibilities for managing those organizations. He has the ability, as you've described, if he picked up the phone and calls Admiral Studeman or a General Soyster and says I would like the following done, they will do it in terms of responding to him immediately—in terms of immediate action. But they have a multiple of masters in this regard. So he does not really have line responsibility today and his ability to influence events really is an ability to influence events through resources in the future. And it is that kind of direction—and in many ways that is why we refer to this group as a community. That is not a bad description of it, it is a community.

Senator SPECTER. If you say he has the authority to allocate resources, that is a lot of authority. If the Director of National Intelligence would have the authority to allocate resources, implicit in that is the authority to say where personnel go, what they do by way of intelligence gathering, then he doesn't have to have his soldiers, his troops directly under his thumb to get the job done.

Mr. KERR. No, that is true. There is no doubt that the resource—the ability to control resources is an important, but it is kind of an ultimate authority too. You either cut off funds or you add to it and it tends to be an authority that is the future. Right now for instance, we are working on the 90 budget. We are working on the 92 budget. Those are——

Senator SPECTER. Mr. Kerr, I hate to cut you off, but I have got only two minutes left and I want to move on to one other point.

Mr. KERR. Yes sir.

Senator SPECTER. I would like for you to give me in writing your views on S. 199, the Inspector General for the CIA. As I had said earlier, some of those provisions were included in the authorization bill, but we won't have time to cover it.

I would like to pick up for just a moment on S. 145, which I had alerted to you before. I would like your view of the desirability of having legislation to correct the problems from Iran-Contra where there was not timely notice. Perhaps I should start with the proposition of you agree with the conclusion that the requirements of existing law on timely notice were not complied within the Iran-Contra matter.

Mr. KERR. I agree with that in terms of the delay. I would say, as I have mentioned earlier in response to a similar question from Senator Cohen, that we have had a Presidential Directive which is

rather explicit in terms of what it will do about prior notification. It does allow for that notification, under extraordinary cases, and a subsequent review on a periodic basis of the rationale for that delay. The directive provides a fair amount of security in terms of preventing repetition of the concerns that you have. This is a question that must be addressed to the Executive, how much flexibility the President must have in terms of notification.

Senator SPECTER. I could not be here when Senator Cohen was questioning. I was attending another hearing for those few minutes. So I will review your testimony there, but essentially you believe that the current procedures are adequate to guarantee timely notice?

Mr. KERR. Yes, sir. I think we have learned. Not only are there specific directives and we consider these directives as law, there are other provisions and I think the process itself following the rules that were in existence, let alone the rules that have been added since, provide a strong basis for confidence.

Chairman BOREN. You are referring to the Presidential Directives which are executed pursuant to the letter agreement between the Committee and the President?

Mr. KERR. Yes.

Senator SPECTER. Well, we aren't going to settle that today and I know my time is up, but I do not agree with you about that, Mr. Kerr. The language of that Executive Order making an exception for exceptional circumstances seems to me to render the entire document meaningless. It just opens the door too widely for what the Executive may choose at that time. I am hopeful that the relationships established more recently with the Committee have for this day solved the problem, but I am not 100 percent sure of that. And my own view is that we ought not to allow the passage of a little bit of time since Iran-Contra dim our concerns for that issue. I know that the Committee will want to revisit that at a later time and I will not impede further on Senator Bradley's time.

Thank you Mr. Chairman.

Chairman BOREN. Thank you, Senator Specter.

Senator Bradley.

Senator BRADLEY. Thank you Mr. Chairman.

Mr. Kerr, why do you think the Intelligence Community did not predict Reykjavik, zero-zero or unilateral reductions by the Soviet Union? We have three separate events over a span of, what, four years, and none of them were predicted by the intelligence community. Is there a structural problem? What is your explanation?

Mr. KERR. Well, first of all I'm not sure I would say that we did not predict any of those three. I think unilateral reductions were signaled in a variety of different ways in a variety of different documents over a considerable period of time before they were made. While we did not predict necessarily the precise magnitude of them, but I think not only in current intelligence publications but in products that were provided in a variety of different things we did—we were rather explicit in our statements about unilateral reductions. And in terms of raw reporting, going back a couple of years, we've been reporting on it. So in that case I would say that we did have a reasonably good base to say that there would be, very likely, unilateral reductions and the opportunities for that

were significant and the benefits from that were significant in terms of what Gorbachev would reap.

On the others, when you say we did not predict Reykjavik, one problem of the things that I find, predicitng exactly what world leaders are going to deliver at or say at a particular meeting, or offers they are going to make is a rather difficult one, particularly in denied areas. There are some areas where we're better at that than in others.

And in some areas it seems to me that we do rather well on this by understanding the circumstances in which a leader comes to a decision and where the opportunities exist. And my guess is if you went back and looked at Reykjavik, what we were describing there was a good deal of uncertainty of what he was going to do, a good deal of uncertainty about what he was coming with and how he would react. I'm not so sure we're going to find ourselves in the position of being able to predict with precision. And it's less our ability to predict that seems to me important than our ability to lay out possibilities and things that could develop. And we may have fallen short in that. I'd have to look back specifically at the record to see how well we signaled. I have the impression, just on Reykjavik alone, also that we weren't alone. That perhaps even the Soviets were a little bit surprised at what President Gorbachev suggested at Reykjavik.

Senator BRADLEY. Well, I don't recall anything close to a 500,000 person unilateral cut being predicted by the Intelligence Community just last December. I don't recall seeing any document. I recall seeing documents that said it was possible that there might be a unilateral reduction.

Mr. KERR. We didn't predict the magnitude. Certainly not the magnitude.

Senator BRADLEY. But no where near the magnitude. So the question really is as we go forward with the Soviet Union, with Japan, with Mexico, with Eastern Europe—the question really is how do we get an Intelligence Community to organize itself in a way so that policymakers have the benefit of some advance notice. It seems to me that absent this you're always going to give the offensive to the more active partner here. In the last several years the Soviet Union. So I mean, is it a problem in the way we analyze intelligence? Is it a problem in the way the community is structured? What are your thoughts on how we could improve this so that President Bush doesn't wake up one morning, something happens. Reykjavik, Iran, whatever, Poland, and get on the phone and say why didn't I know anything about this?

Mr. KERR. Well, I don't think it's a structural problem. I think it is—and I'm not sure that I would agree with you about the nature of the problem. I think we have a problem inherently in predicting and there are—I would ask you about predictions——

Senator BRADLEY. Do you think that's a problem of facts——

Mr. KERR. There are things that are unknowable, first of all.

Senator BRADLEY. Do you think that is a problem of facts or that's a problem of analyze.

Mr. KERR. Yes.

Senator BRADLEY. Which?

Mr. KERR. Both.

Senator BRADLEY. Both?

Mr. KERR. It is both a problem of facts. It is both a problem that sometimes the people that are making the decisions have not made the decision that you are trying to predict.

Senator BRADLEY. So how would you deal with the analysis side? If it is a problem of facts, clearly we don't get the facts. OK. But if it's a problem of analysis, how would you propose to deal with it?

Mr. KERR. Well, I would propose to deal with it the way I think we deal with it now. And I wouldn't argue, however, that we do it perfectly. But I think that we do—in many cases we do it rather well. I don't think prediction of whether—exact—of outcome—precise outcome is either possible or necessarily desirable. Because whether you're right or wrong, I'm not sure how helpful you've been to the customer in just predicting the outcome.

Senator BRADLEY. But isn't that precisely the point? The statement that you just made. When you're wrong you do not know how helpful you are to the customer, so you don't tend to take any chances.

Mr. KERR. No, I don't believe that. I believe what an intelligence business is—what our business should be in this is to provide enough understanding of the issue and a good enough set of argumentation to say here are some possible outcomes and here's the implications of those outcomes for this policymaker. And here, if we can, is the one we think is the most likely based on intelligence that we have.

If we can do that and lay it out, even if we do not hit the right one, I think we force the community and we force the policymaker to examine the implications of various actions and to begin thinking about how they react to them. And I think that's the role of intelligence, not to predict outcomes in clear, neat ways. Because that's not doable.

Senator BRADLEY. Let me ask you, what would have happened to an analyst, or group of analysts in the Agency that a year and a half ago would have made a very strong case that Gorbachev would have come forward with very deep unilateral reductions in conventional forces. How would that have been handled? What is the process by which that would be handled? Here is somebody that has got that idea. What steps do they go through before the information is transmitted as an Agency document to policymakers?

Mr. KERR. There is no question but in that process, as you might expect, that somewhere, starting at the bottom, an analyst has to persuade the people who he is working with, usually at the branch level, that his idea has merit. And that if it doesn't have any information backing it up, it has merit intellectually, an idea that is sufficiently stimulating and worth considering as an eventuality that——

Senator BRADLEY. So he convinces his what, branch manager?

Mr. KERR. At the branch level. And once you've done that——

Senator BRADLEY. And that goes where from there?

Mr. KERR. Well, from there the process is much easier. And once you've got a process going where someone has gotten some support for an idea, it is rather easy, in my judgment, in the organization, to get an idea, a new idea, a different idea up. Now, it has to have

some support. It just can't be an idea that has no basis or it will not go anywhere.

Senator BRADLEY. So clearly that would mean the people who are running the analytical areas can't be so convinced of a certain orthodoxy that they remain unwilling to entertain bold, new ideas. Right?

Mr. KERR. No. And that's why you have National Intelligence Officers and why you have other agencies working the problem and why you have competing organizations and why you have managers at the top who ask questions and make people respond to them.

Senator BRADLEY. So your perspective is it's working just fine right now?

Mr. KERR. No, I wouldn't say—it never works just fine.

Senator BRADLEY. What specific improvements would you recommend?

Mr. KERR. Well I think—first of all, I think we need to look at how we allocate our resources to the kind of problems you're talking about. So there is a problem, a very fundamental problem on how much resources and much creativity you're going to put on a particular problem. And as we perceive the problem like the one you're describing, we need to move additional resources into that area. And for instance, in the Soviet area we have done that over the past several years. We perhaps have done that too slowly. But we have done that.

I think you do need to provide an atmosphere—you need to sensitize people to thinking about problems in different ways. And the way to do that is to bring in outside people. Get people together inside and have them talk to each other. Have managers and senior people probing the organization all the time. Now, I think we do that. I don't think there are organizational solutions necessarily. There is a kind of an intellectual stimulus that's required. I think we do that rather well. We do it better in some areas than in others. And we fall short sometimes.

Senator BRADLEY. I just have one last question. My time's up.

In your statement when you're talking about new threats to American interests in the '90s, you allude to the fact that new threats derive from success of countries in East Asia. You know, countries that are economic powerhouses who have in large part rejected the Soviet model in favor of western values and democracy and market oriented systems. And I'm just curious, do you really believe that? I mean, they are a real threat?

Mr. KERR. I think threats may be the wrong word. Maybe I misused the word. It's new circumstances. It's different. I think we have to be a little careful when we talk about threats. And unfortunately in the intelligence context we probably do tend to talk about threats. Even though they may be positive ones, they're threats in the sense that require a new approach, a different way of doing things.

But I'm not sure that these are all negative things. I think there may be many opportunities there as well. And I think it's that combination of different events that we need to think about how to approach the problem. We have to think about what the question is.

Senator BRADLEY. And in terms of allocation of resources, you argue that you should devote resources to dealing with the military threats or—I mean, you've got a limited budget. You've got to deploy your resources, you know.

Mr. KERR. I think you pick and choose. I don't think you just work the military. I think you try to look at where the greatest challenges are going to be and opportunities for intelligence to make a difference. And try to focus your resources in those areas. And those are not necessarily in my judgment in the future in the military area predominantly. In fact, they may well be in other areas. I think the economic areas are equally, and perhaps more challenging.

Senator BRADLEY. What about arms control?

Mr. KERR. Certainly; yes.

Senator BRADLEY. What about the verification investment that's got to be made?

Mr. KERR. You know, the cost of peace is high from an intelligence perspective. It takes a lot of monitors, it takes a lot of people.

Senator BRADLEY. So that that's military threat?

Mr. KERR. Not a threat necessarily, but it's a challenge in terms of what the intelligence has to do, yes.

Senator BRADLEY. Thank you, Mr. Chairman.

Chairman BOREN. Mr. Kerr, just a few last questions.

Going back to what Senator Bradley just said a minute ago, and you made reference to opportunities intelligence. I would gather that one of the changes in terms of perhaps shifting resources and priorities or trying to cause analysts to think a little differently about their task is to try to emphasize not only the protective nature of intelligence, be forewarned that this might happen or be prepared if this development occurs, but also to try to focus more attention than perhaps is now being given on opportunities for policy initiatives. Is that correct?

Mr. KERR. No, I think that's fair. Opportunity—I think one has to be very careful there because it's easy to cross the line into policy recommendations. But I think that intelligence has a role in identifying where opportunities might exist, where there is leverage, or where there are things that a policymaker can take advantage of. And we tend to focus a touch too much, I think, on the problem as opposed to the opportunity.

Chairman BOREN. The opportunity. I think that's right. I think it's especially true, as for example, in our relationship with the Soviet Union. I think none of us want to see the President merely in a reactive mode. With these changing relationships, we want our President to be able to also be initiating steps that we think will be a benefit to ourselves and to the rest of the world.

Since policymakers are looking at such a mass of information, is there some method that you could adopt in your intelligence analysis to not suggest what the policy ought to be, but to sort of red flag, areas of opportunities that policymakers should consider.

Mr. KERR. I think there are a variety of mechanisms to do that. I think the President's daily brief is one opportunity. But I think memoranda or short things that are sent by the Director of Central Intelligence to the President and to senior policymakers saying here's a problem of particular concern or particular issue that you

might not have focused on and let us give you a perspective of it that might be helpful.

Chairman BOREN. I would hope that could be done and perhaps the new structure that has been developed at the National Security Council may work to bring more of those kinds of opportunities to the attention of the policymakers.

Mr. KERR. Judge Webster has good access to the President and I think he is not at all reluctant to do that and has done it already on occasion.

Chairman BOREN. Well, I think that's important. I think now with Mr. Gates at NSC, who previously occupied the position for which you are now being appointed and his experience as DDI as well, there will be more sensitivity there which could lend to looking at opportunities for intelligence.

Let me go back to what Senator Specter asked, in terms of the responsibility at the CIA for chairing, if you want to call it that, the entire Intelligence Community as well as conducting the operations of the Agency itself. Can you imagine supporting positions of other agencies within the Community if the position of those agencies were at odds with that of the CIA in terms of an intelligence assessment or in terms of a position being taken by the Intelligence Community?

Mr. KERR. Certainly. I've been involved in, even in the position that I am in now as the Deputy Director for Intelligence, in a variety of Community activities. I chair a variety of different groups involved in requirements and very sensitive programs and special programs that are Community programs.

And it seems to me those—it is not difficult to make the judgment based on the merits of the case and not on where you sit in terms of organization. I do have views about, obviously, the Central Intelligence Agency. I think Central is—I would capitalize the C and say the Central means central. That is is an organization that has central responsibilities by law and by tradition. But I think other organizations—and I recognize their contribution and I think I have a pretty good sense and a good relationship with them. I think opportunities for cooperation and for decisions that really benefit the Community are fairly easy to anticipate.

Chairman BOREN. I think that's important. And I appreciate the attitudes that you have expressed and the fact as you say, you've already acted on this basis in the past from time to time because your responsibilities are, in this job, not just to the one agency, but broad responsibility to the Community. If the specialized concerns of a particular agency other than the CIA in the Community are really not receiving the attention they deserve, the budgetary priority they deserve, or some other circumstance, I think it's important that the whole Community know that you feel intellectually free to follow your best judgment on these matters without regard to pressure within the Agency itself.

Counterintelligence, is an area in which many of us feel we're entering into a period of even increased threat. In some ways, it's ironic that, as military spending will perhaps be going down on each side which means you don't have the funds to utilize to protect against any contingency, each side will try to determine more effectively what the other is really doing. When funds are in short

supply, there's also an even greater attempt to try to steal technologies without paying for the research and development costs as we've seen, unfortunately, in the Walker case and others.

How well do you think that the new Counterintelligence Center that Judge Webster has announced, is functioning in terms of coordinating and pulling together our counterintelligence capabilities?

Mr. KERR. Well it's been functioning for about a year. And I've been impressed by a couple of things.

One, for the first time, it has brought analytic units into it. It shows my bias—someone who has been in the Directorate of Intelligence—it has a fairly large component out of the Directorate of Intelligence which is really in the business of trying to do analysis of what's going on as opposed to looking at individual cases. Trying to understand them at a level of detail.

And my impression is that cooperation between analysis and operations has already produced some useful gains. I think it's working rather well. And I would hope that we can translate that into the broader efforts of the Community as a whole, although its focus has been more on CIA to date than anything else.

Chairman BOREN. When we have a failure of counterintelligence to prevent the loss of precious information or technologies as in the cases of Walker/Whitworth, Pelton, Pollard, Howard and others, my concern is that we make an accurate damages assessment as quickly as possible to determine what has been compromised so that changes can be made as quickly as possible to protect against the compromised areas.

It is my understanding that some of these damage assessments have taken longer than we would want them to take.

Mr. KERR. That's true. Some of them are very complicated, of course. And it's difficult to kind of retrace the steps of years and access.

Chairman BOREN. Is there one person or one office that is responsible for being on top of continuing to push to get these damage assessments done as quickly as possible?

Mr. KERR. Yes. There is a group that's a Community group. Right now it is established and sits within the National Intelligence Center headed by a senior officer who then seconds people from the various organizations to do—or groups to do the assessments.

Chairman BOREN. So there's a chair of that group that really is ultimately responsible for making sure we proceed as quickly as possible?

Mr. KERR. Yes.

Chairman BOREN. Would you pledge to us that as Deputy Director of the Agency, you will do your best to stay on top of this so that we can get assessments out as quickly as we possibly can?

Mr. KERR. I certainly will.

Chairman BOREN. I think that's extremely important. At present, is there what you might call an emergency quick reaction report, knowing that it will be refined later, so that preventive or protective measures can be taken concerning those obviously compromised elements? We took some very quick action in regard to what may have been the penetration of the Moscow Embassy. Even

many months to take actions where there is a quick understanding is too long. Then more time can be taken to refine the total assessment.

Mr. KERR. The first thing that is done is usually the people involved in the operations immediately take a quick look to figure out how to protect themselves. And there is a quick look taken to see how to protect yourself, how to protect your operations and your information. That's kind of the immediate reaction, to make sure that if you have incurred damage that it doesn't continue and you stop it immediately.

Chairman BOREN. Right.

Mr. KERR. Or you protect what you have. That's the first thing that always happens on these.

And then, the more leisurely look, trying to understand the implications of what's happened.

Chairman BOREN. Let me ask you two last questions relating to the Iran arms sale.

It's my understanding that you did not understand, according to your replies to us, until the late summer of 1986 that the initiative involved arms sales to Iran even though you were asked earlier to participate in providing intelligence for the McFarlane trip. Is that a correct statement?

Mr. KERR. That's correct.

Chairman BOREN. Were you not surprised to find out that he was going to Iran?

Mr. KERR. Well, I was surprised as an initiative, but was asked to provide some support for that. Surprised in the sense that it was new to me that that was being contemplated.

Chairman BOREN. Did you ask anyone what was going on or attempt to find out exactly why he was going?

Mr. KERR. No. It was very carefully compartmented and what I did ask was if people up the line were aware of it and had it been approved. And the answers were yes, it had.

Chairman BOREN. So—excuse me, go ahead.

Mr. KERR. What I was being asked to provide was not a particularly new kind of thing to provide for an activity involving a special activity, which was an intelligence briefing.

Chairman BOREN. But you did not learn of the arms sales component of the overall operation until late summer, I believe, from Mr. Allen? Is that correct?

Mr. KERR. That's right.

Chairman BOREN. And did you make any effort to find out what happened during the McFarlane visit? Did anyone from the CIA attempt to debrief any members of the party that were there?

Mr. KERR. We had a little feedback and that really came during the second request for—preparation for another briefing in October.

Chairman BOREN. In October?

Mr. KERR. Yes.

Chairman BOREN. But not until then?

Mr. KERR. No.

Chairman BOREN. Was your curiosity not aroused by this, since you've had a lot of experience yourself in this area of the world?

Mr. KERR. Well, curiosity from intelligence officers is always aroused. But there's also a very strong rule within the Intelligence Community and that is need to know. There are certain things that—that you do need to know as part of your contribution to an activity and there are things that you do not. And as an intelligence officer, that's not—it's not surprising to be excluded from things that you do not have to be involved in.

Chairman BOREN. Thank you very much for your answers.

The session today has been a very thorough one. Members of the Committee have had an opportunity to ask you the questions they wanted to ask.

Some of the Members of the Committee, have indicated to me that they would like to address some additional questions to you in writing. Some of these questions are of a classified nature.

I have canvassed the Committee and no Member of the Committee has asked for an additional closed hearing. Your replies in writing to questions of a classified nature so that they can be reviewed by those Senators and others under appropriate safeguards will be sufficient.

There could be a request for an additional closed hearing on these classified matters if Members of the Committee wanted to ask additional follow-up questions as a result of your written answers. I have no reason to believe that would occur so as soon as your answers have been received and Members have had a chance to study those answers, it would be my intention then of calling a meeting of the Committee to act on your confirmation as soon as possible.

I would urge you to quickly get the answers to those questions of a classified nature back to the committee so that the Members can immediately begin to review them. Then we will move, hopefully, very quickly to call a meeting to vote on your confirmation.

I have great respect for the contribution that you've made. As other Members of the Committee have said, I think it is a compliment not only to you that you have been asked to take on these addditional responsibilities but it is a compliment to the professionals in the community. It's a strong message on the part of the new President. He has told me in my discussions with him, he has told me of his respect and that he wants to reward and promote this professionalism within the intelligence community. This is, indeed, a good message from the new President and it's one that the Members of this Committee heartily second.

There's a strong and deep appreciation on the part of the Members of this Committee for the level of professional expertise that we have in the Intelligence Community. Unfortunately, as I have said in the past, the Community only surfaces in the consciousness of the public when problems occur. We are not able to talk about the scores and scores of successes: those times in which policymarkers did get the intelligence ahead of time that they need to deal with the situation; those cases in which even covert actions have succeeded to a great degree and have been of great benefit to the United States.

While perhaps rewarded internally as you have been there are, unfortunately, few occasions on which the degree of those successes can be broadly spelled out to the American people. The Members of

this Committee, as much as anyone outside the Intelligence Community itself, are more aware than others of these successes and the immense constructive contribution that is made not only by you, but your families as well.

So I just wanted to take this occasion, again, to express my appreciation to you, congratulate you on the very fine record that you've had as a professional intelligence officer and thank you for being a candid and open witness with us today.

We'll stand in recess until all of the written information is received. And then, hopefully, in the very near future, we will convene the Committee again to officially act on the nomination.

Mr. KERR. Thank you, Mr. Chairman. I appreciate your kind remarks.

[Thereupon, at 12:08 o'clock p.m., the Committee was recessed, subject to the call of the Chair.]

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